

# Kazakhstan

## March 2018

### Executive Summary

This country fact sheet provides key trade and investment related statistics for Kazakhstan. Specifically, it shows Kazakhstan's trade and investment flows including an analysis of top markets and products with South Africa and the Western Cape highlighting the largest and fastest growing products and subsectors. The key highlights in the Kazakhstan country fact sheet are provided below:

### Economy

Kazakhstan has the largest and strongest performing economy in Central Asia. The country has a substantial natural resource base and a very low public debt (22.0% of GDP). In addition, the country has a strong track record of relative political stability and greater openness to foreign investors compared to its regional peers. Kazakh real GDP is expected to slow from 3.3% in 2017 to 2.8 % in 2018. Over the period 2018 to 2022 Kazakhstan's economy is expected to expand by an average annual growth rate of 3.5% (BMI, 2018).

### Trade

Exports to Kazakhstan increased by 32% in 2017 to reach USD48bn while global imports increased by 16% to reach USD29bn. South Africa exported goods to Kazakhstan valued at USD13.9m in 2017, while imported goods were valued at USD6.6m. The leading export product to Kazakhstan from South Africa in 2017, was machinery for sorting, screening, separating, washing valued at USD6.6m, followed by motor vehicle parts (USD1.5m).

The Western Cape exported goods to Kazakhstan valued at USD0.2m in 2017 while imported goods were valued at USD1.5m. The leading export product to Kazakhstan from the Western Cape was citrus fruit valued at USD0.1m. Citrus fruit was also the fastest growing export product between 2013 and 2017 by 72%. The leading import product into the Western Cape from Kazakhstan was chromium oxides and hydroxides valued at USD0.9m and accounting for 62% of all imports in 2017.

### Investment

Between 2003 and 2017 a total of 91 FDI projects were recorded from Kazakhstan. These projects represent a total capital investment of USD4.28bn. The financial services sector received the largest FDI from Kazakhstan by projects accounting for 43%, followed by coal, oil and gas at 23%. Coal, oil and gas sector received the largest FDI from Kazakhstan by capex accounting for 35%, followed by financial services sector accounting for 23%.

Between 2003 and 2017 a total of 2 FDI projects were recorded from South Africa to Kazakhstan. These projects represent a total capital investment of USD33.00m

### Tourism

The number of Kazakhstan's outbound tourists are expected to increase by an average annual growth rate of 6.9% between 2017 and 2022.

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## 1. General Information

Kazakhstan is the world's largest landlocked country, and the ninth largest in the world, with an area of 2,724,900 square kilometres. Kazakhstan is the dominant nation of Central Asia economically. Kazakhstan shares borders with Russia, China, Kyrgyzstan, Uzbekistan, and Turkmenistan, and also adjoins a large part of the Caspian Sea.

Kazakhstan is a member of the United Nations, World Trade Organization, Commonwealth of Independent States, the Eurasian Economic Union, Collective Security Treaty Organisation, Shanghai Cooperation Organisation, Organization for Security and Co-operation in Europe, Organization of Islamic Cooperation, and International organization of Turkic culture Kazakhstan is a unitary republic; its only President to date (2018) is Nursultan Nazarbayev.

GENERAL INFORMATION	
Capital City	Astana
Government Type	Presidential Republic
Chief of State	President Nursultan Abishuly Nazarbayev
Population	18,556,698
Life Expectancy	71.1 years
Literacy	99.8%
Ethnic Groups	Kazakh (Qazaq) 63.1%, Russian 23.7%, Uzbek 2.9%, Ukrainian 2.1%, Uighur 1.4%, Tatar 1.3%, German 1.1%, other 4.4% (2009 est.)
Religions	Muslim 70.2%, Christian 26.2% (mainly Russian Orthodox), other 0.2%, atheist 2.8%, unspecified 0.5% (2009 est.)
Languages	Kazakh (official, Qazaq) 74% (understand spoken language), Russian (official, used in everyday business, designated the "language of interethnic communication") 94.4% (understand spoken language) (2009 est.)
HDI Value (2016 Report)	0.794 Rank 59
Exchange Rate	1 South African Rand equals 26,89 Kazakhstani Tenge

Sources: CIA World Factbook, 2018; World Bank Data, 2018; United Nations Data 2018

## 2. Economic Overview

Kazakhstan has the largest and strongest performing economy in Central Asia. The country has a substantial natural resource base and a very low public debt (22.0% of GDP). In addition, the country has a strong track record of relative political stability and greater openness to foreign investors compared to regional peers.

ECONOMIC INFORMATION	
GDP (PPP) (2017 est.)	USD474.3 billion
GDP growth (2017 est.)	3.3%
GDP per capita (PPP) (2017 est.)	USD26,100
Inflation (Avg. 2017)	7.3%
Commercial Bank Prime Lending Rate (31 December 2017 est.)	14.1%
Unemployment rate (2017)	5%
Doing Business, 2018 Report (ranking out of 190)	36
Total Exports (2017)	USD44.11 billion
Total Imports (2017)	USD31.09 billion

Sources: CIA World Factbook 2018; Doing Business Report 2018; World Bank International Labour Organisation, 2018

According to BMI (2018), GDP growth in Kazakhstan will decelerate over the coming year as hydrocarbon production growth cools, economic activity is picking up in the non-extractive industries and continuous significant upside for the long-term growth trajectory. The country's integration into China's Belt & Road initiative and the government's privatisation programme will boost foreign direct investment and diversify the economy.

Kazakh real GDP is expected to slow from 3.3% in 2017 to 2.8 % in 2018. Over the period 2018 to 2022 Kazakhstan's economy is expected to expand by an average annual growth rate of 3.5%.



Source: IMF, 2018

Kazakhstan's main industries include 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. While the main agricultural products produced in the country are grains (mostly spring wheat and barley), potatoes, vegetables, melons and livestock.

### Petroleum & Gas

Development of petroleum, natural gas, and mineral extractions, has attracted most of the over USD40 billion in foreign investment in Kazakhstan since 1993 and accounts for approximately 13% of GDP.

Kazakhstan also currently has the 11<sup>th</sup> largest proven reserves of both petroleum and natural gas. In total, there are 160 deposits with over 2.7 billion tonnes (2.7 billion long tons) of petroleum. Oil explorations have shown that the deposits on the Caspian shore are only a small part of a much larger deposit. It is said that 3.5 billion tonnes (3.4 billion long tons) of oil and 2.5 billion cubic metres (88 billion cubic feet) of gas could be found in that area. Overall the estimate of Kazakhstan's oil deposits is 6.1 billion tonnes (6.0 billion long tons).

Kazakhstan's vast hydrocarbon and mineral reserves form the backbone of its economy. Chevron-led Tengizchevroil announced a USD36.8 billion expansion of Kazakhstan's premiere Tengiz oil field in July 2016. Meanwhile, the super-giant Kashagan field finally launched production in October 2016 after years of delay and an estimated USD55 billion in development costs.

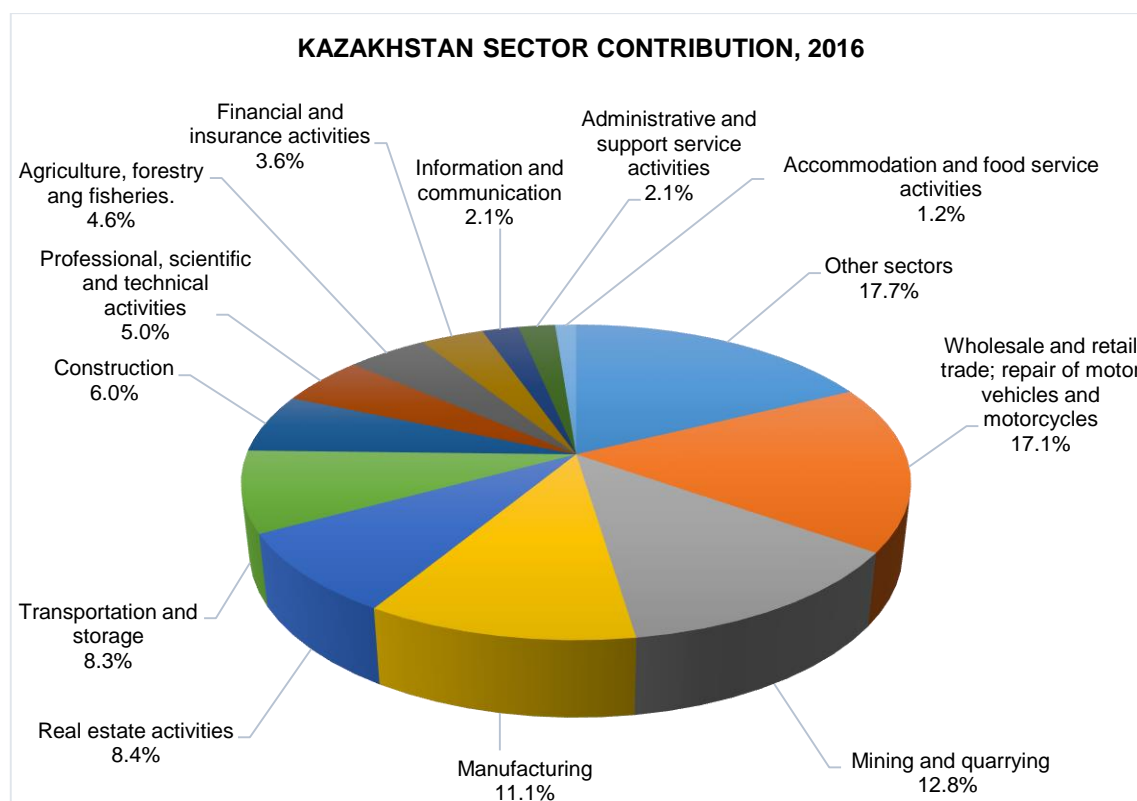
### Minerals

Kazakhstan has the 2<sup>nd</sup> second largest uranium, chromium, lead, and zinc reserves, the 3<sup>rd</sup> largest manganese reserves, the 5<sup>th</sup> largest copper reserves, and ranks in the top ten for coal, iron, and gold. It is also an exporter of diamonds.

### Agriculture

Agriculture accounts for approximately 5% of Kazakhstan's GDP. Grain, potatoes, vegetables, melons and livestock are the most important agricultural commodities. Agricultural land occupies more than 846,000 square kilometres. Over 80% of the country's total area is classified as agricultural land, including almost 70% occupied by pasture. Its arable land has the second highest availability per inhabitant (1.5 hectares). Chief livestock products are dairy products, leather, meat, and wool. The country's major crops include wheat, barley, cotton, and rice.

In terms of the current structure of the economy, the most recent official data available, as indicated in the graph below wholesale and retail trade; repair of motor vehicles and motorcycles sector, with its contribution of 17.1% towards GDP, accounted for the largest share of economic output in 2016.



Source: Kazakhstan National Centre for Statistics and Information, 2018

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The companies in the table below represent the top companies in Kazakhstan's stock exchange in 2017.

TOP KAZAKHSTAN COMPANIES ON THE STOCK EXCHANGE, 2017			
RANK	COMPANY	SECTOR	MARKET CAPITAL (CAPITALIZATION, bn KZT)
1	KazMunayGaz	Exploration, production, refining and transportation of hydrocarbons	7 566,66
2	KAZ Minerals	Mining	1 870,60
3	KazMunaiGas EP	Petroleum	1 838,15
4	Halyk Bank	Banking	1 250,73
5	Caspi neft	Oil and Gas	1 108,73
6	Altyntau Kokshetau	Mining	689,89
7	KazTransOil	Oil transporter	606,10
8	Mangistaumunaigaz	Oil and Gas exploration	393,01
9	KEGOC	Transmission Grid Operator	364,15
10	Kcell	Cellular Communication Operator	329,23
11	QAZKOM	Private bank	312,70
12	Kazakhtelecom	Telecommunication	286,09
13	NOSTRUM OIL & GAS	Oil and Gas	243,91
14	Kaspi Bank	Banking	149,06
15	Nurbank	Financial Services	125,79
16	Tsesnabank	Banking	114,53

17	Aktobe-Temir-VS	Mining	107,03
18	KazTransCom	Telecommunication and information technology	105,14
19	ShalkiyaZinc	Mining	76,58
20	Maten Petroleum	Oil and Gas	76,50
21	S.A.S.	Software and IT	73,82
22	SAT & Company	Mining	68,64
23	Ansagan Petroleum	Oil and Gas	64,37
24	KoZhaN	Oil and Gas	63,96
25	ATFBank	Banking	63,37
26	KMC	Financial services	60,81
27	Zhayremsky GOK	Mining	55,93
28	UKTMP	Metals	52,75
29	KM GOLD	Minerals	49,84
30	Bank CenterCredit	Banking	49,51

Source: Kazakhstan Stock Exchange-Muscat Securities Market, 2018

## 2.1 Doing Business in Kazakhstan

The World Bank Group in its annual *Doing Business 2018* report ranked Kazakhstan 36<sup>th</sup> out of 190 countries monitored in terms of its ease of doing business.

Kazakhstan's relative strengths in terms of ease of doing business include protecting investors, with the country ranking 1<sup>st</sup> globally in this category, enforcing contracts (6<sup>th</sup>) and registering property (17<sup>th</sup>).

KAZAKHSTAN'S RANKINGS - DOING BUSINESS, 2018 REPORT	
INDICATORS	2018 RANKING (OUT OF 190 COUNTRIES)
Starting a Business	41
Dealing with Construction Permits	52
Getting Electricity	70
Registering Property	17
Getting Credit	77
Protecting Investors	1
Paying Taxes	50
Trading Across Borders	123
Enforcing Contracts	6
Resolving Insolvency	39
<b>Doing Business 2017</b>	<b>36</b>

Source: World Bank Group's *Doing Business*, 2018 Report

## 2.2 Kazakhstan's Sovereign Credit Ratings

*"A sovereign credit rating is the credit rating of a country or sovereign entity. Sovereign credit ratings give investors insight into the level of risk associated with investing in a particular country and also include political risks. At the request of the country, a credit rating agency will evaluate the country's economic and political environment to determine a representative credit rating". Source: Investopedia*

While a number of credit agencies exist, the three most recognised credit ratings agencies globally are Fitch Ratings, Moody's Investors Services and Standard & Poor's (S&P). Reasons for a country/sovereign to seek a credit rating from one of these three agencies include not only to access funding in international bond markets via the issuance of bonds in external debt markets, but it is a means to attract foreign direct investment. Obtaining a good sovereign credit rating instils confidence in investors seeking to invest in that country, with the credit rating a means for the country to demonstrate financial transparency and credit standing.

Two key rating ‘standards’ exist, with the highest possible rating category being “AAA” according to S&P, which indicates that the rated country has extremely strong capacity to meet its financial commitments. A wide range of rating categories exists below this, with the categories ranging all the way down to SD (i.e. defaulted), which means the rated country has failed to pay one or more of its financial obligations when it came due.

In 2017, Standard and Poors maintained Kazakhstan’s sovereign credit rating at BBB-; raised outlook to stable from negative. The BBB- ratings is due to Kazakhstan’s balance of payments pressures remaining contained and its monetary policy flexibility becoming less constrained. In addition, the stable outlook reflects expectation that economic activity will remain relatively robust over the period to 2020.

KAZAKHSTAN'S SOVEREIGN CREDIT RATINGS, 2017			
CREDIT RATING AGENCY	STANDARD & POORS	MOODY'S INVESTOR SERVICES	FITCH RATINGS
CREDIT RATING	BBB-	Baa3	BBB
OUTLOOK	Stable	Stable	Stable
Sources: Standard & Poor's; Moody's Investors Services; & Fitch Ratings, 2018			

A number of alternative measures and rating scales exist to assess risks posed to companies and banks, particularly those pertaining to political and commercial risks when undertaking international commercial transactions. One such company which offers these services is Belgium’s Delcrederecroire, the country’s official export credit agency and public credit insurer.

The table below shows Delcrederecroire’s current risk assessment of Kazakhstan in terms of export transactions and direct investments. Ratings are between 1 and 7, and between A and C, with 7 and C being the maximum risk indicators.

- In terms of political risk associated with exports transactions in Kazakhstan, these are deemed to be medium in the short-term but high in the medium to long-term. The risk associated with special transactions are between medium to high.
- Commercial risk in turn is considered to be high risk.
- Regarding direct investment, the risk associated with war and expropriation and government action are both medium. However transfer risk is considered high.

KAZAKHSTAN'S RISK ASSESSMENT - DELCREDEREDUCROIRE		
EXPORT TRANSACTIONS (Scale 1 – 7)*		
Political Risks	Short Term	3
	Medium-Long term	6
	Special Transactions	4
Commercial Risk	C	
DIRECT INVESTMENTS		
War risk	3	
Risk of expropriation and government action	4	
Transfer risk	6	
* Where 1 is associated with the least risk and 7 the most.		
** Where C is associated with high risk; A is low risk and B is mid risk.		

Source: ONDD, 2018

### 3. Trade

#### 3.1 Kazakhstan Trade in Services

Kazakhstan's exports in services grew by 8% p.a. between 2012 and 2016, while imports grew by 0.5% in the same period. Over the period analysed Kazakhstan has consistently maintained a negative trade balance with imports outperforming export of services over the period analysed.



Source: TradeMap, 2018

Transport was the largest services export from Kazakhstan valued at USD3.5bn followed by travel (defined as covering goods and services for own use or to be given away, acquired from an economy, by non-residents during visits to that economy) valued at USD1.6bn.

Other business services (includes merchant activity and other trade-related services, operational leasing (rental), miscellaneous business, professional, and technical services and other services) was the largest import service into Kazakhstan's valued at USD4.3bn followed by construction valued at USD2.2bn.

SERVICES EXPORTED BY KAZAKHSTAN, 2016				SERVICES IMPORTED BY KAZAKHSTAN, 2016			
CODE	SERVICE	VALUE 2016 (USDm)	% GROWTH 2012-2016	CODE	SERVICE	VALUE 2016 (USDm)	% GROWTH 2012-2016
3	Transport	3 545.1	10.97%	10	Other business services	4 291	0.98%
4	Travel	1 548.5	5.27%	5	Construction	2 145	6.27%
10	Other business services	483.9	5.83%	4	Travel	1 658	1.00%
5	Construction	219.2	83.47%	3	Transport	1 450	-5.18%
12	Government goods and services n.i.e.	210.9	-3.14%	7	Financial services	382	35.24%
9	Telecommunications, computer, and information services	124.1	4.30%	9	Telecommunications, computer, and information services	272	5.27%
6	Insurance and pension services	56.8	0.69%	2	Maintenance and repair services n.i.e.	261	105.77%
2	Maintenance and repair services n.i.e.	38.4	251.41%	12	Government goods and services n.i.e.	181	10.19%
7	Financial services	20.1	-1.60%	8	Charges for the use of intellectual property n.i.e.	127	9.05%
1	Manufacturing services on physical inputs owned by others	6.5	-	1	Manufacturing services on physical inputs owned by others	126	-
8	Charges for the use of intellectual property n.i.e.	1.1	-	11	Personal, cultural, and recreational services	58	2.52%
11	Personal, cultural, and recreational services	0.2	-11.61%	6	Insurance and pension services	46	-25.01%

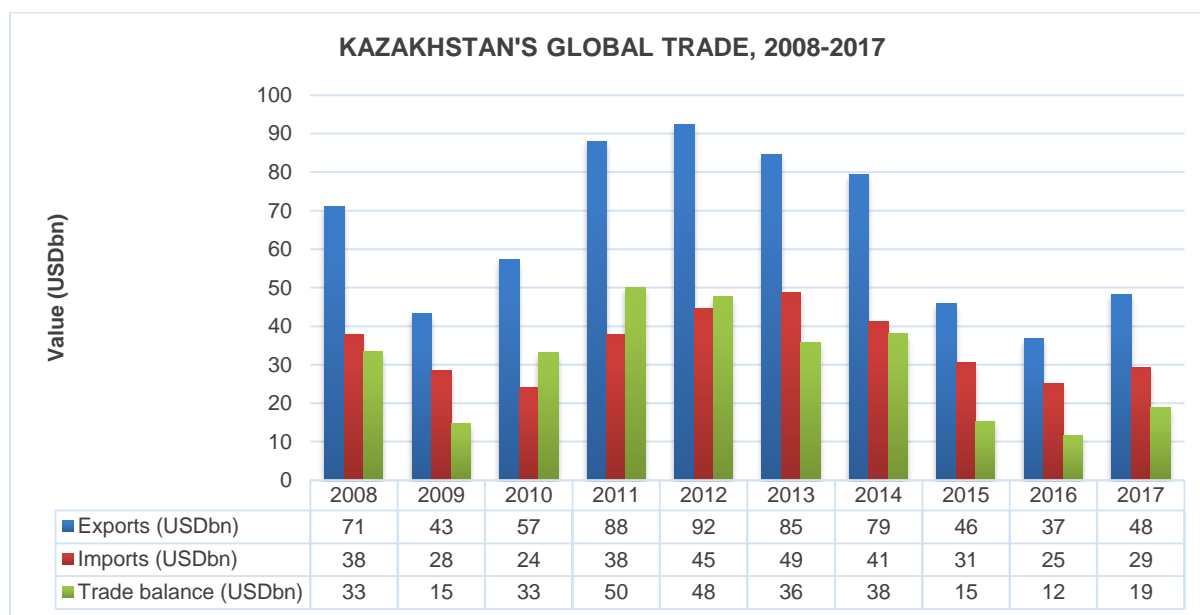


SERVICES EXPORTED BY KAZAKHSTAN, 2016				SERVICES IMPORTED BY KAZAKHSTAN, 2016			
CODE	SERVICE	VALUE 2016 (USDm)	% GROWTH 2012-2016	CODE	SERVICE	VALUE 2016 (USDm)	% GROWTH 2012-2016
TOTAL EXPORTS		6 254.7	8.08%	TOTAL IMPORTS		10 997	0.45%

Source: TradeMap, 2018

### 3.2 Kazakhstan Global Trade

Exports for Kazakhstan increased by 32% in 2017 to reach USD48bn while global imports increased by 16% to reach USD29bn. Over the period analysed, Kazakhstan's trade balance over the period has been consistently positive.



Source: TradeMap, 2018

Italy was the leading export market for Kazakhstan with a value of USD8.7bn in 2017. China and the Netherlands ranked second and third valued at USD5.8bn and USD4.8bn respectively. South Africa was Kazakhstan's 61<sup>st</sup> largest export market valued at USD6.7m.

TOP 10 DESTINATION COUNTRIES FOR KAZAKHSTAN'S EXPORTS, 2017			
RANK	COUNTRY	VALUE 2017 (USDm)	% GROWTH 2013-2017
1	Italy	8 669	-7.50%
2	China	5 778	-14.94%
3	Netherlands	4 748	-2.25%
4	Russian Federation	4 515	-5.43%
5	Switzerland	3 101	-6.57%
6	France	2 861	-6.76%
7	Spain	1 444	29.37%
8	Uzbekistan	1 250	0.05%
9	Turkey	1 146	-14.92%
10	Ukraine	1 138	-13.05%
61	South Africa	6.7	-
TOTAL EXPORTS		48.3	-9.02%

Source: TradeMap, 2018



Russia was the leading import market for Kazakhstan in 2017, valued at USD11.5bn. China and Germany were ranked second and third valued at USD4.7bn and USD1.5bn respectively. South Africa was ranked as the 52<sup>nd</sup> largest import for Kazakhstan valued at USD33m.

TOP 10 SOURCE MARKETS FOR KAZAKHSTAN'S IMPORTS, 2017			
RANK	COUNTRY	VALUE 2017 (USDm)	% GROWTH 2013-2017
1	Russian Federation	11 473	-5.90%
2	China	4 692	-6.25%
3	Germany	1 484	-7.26%
4	United States of America	1 254	-9.43%
5	Italy	946	1.13%
6	Uzbekistan	735	0.20%
7	Turkey	730	0.42%
8	Korea, Republic of	568	-5.33%
9	France	536	4.65%
10	Belarus	509	-0.34%
52	South Africa	32.7	19.73%
TOTAL EXPORTS		29 305	-6.60%

Source: TradeMap, 2018

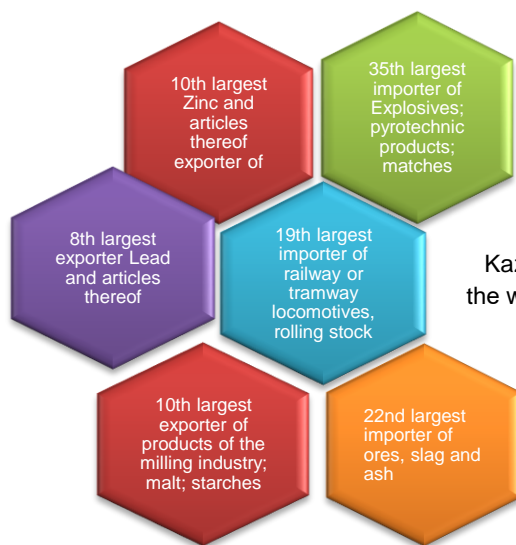


Crude petroleum oils was the leading export product from Kazakhstan valued at USD27bn, followed by copper valued at USD2.3bn. Refined petroleum oils was also the leading import product into Kazakhstan, valued at USD1bn, followed by telephone sets valued at USD837m.

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TOP 10 PRODUCTS EXPORTED BY KAZAKHSTAN 2017				TOP 10 PRODUCTS IMPORTED BY KAZAKHSTAN 2017			
RANK	PRODUCT	VALUE 2017 (USDm)	% GROWTH 2013-2017	RANK	PRODUCT	VALUE 2017 (USDm)	% GROWTH 2013-2017
1	Crude petroleum oils and oils obtained from bituminous minerals	26 584	-9.08%	1	Refined petroleum oils and oils obtained from bituminous minerals	1 023	-4.15%
2	Copper, refined, and copper alloys, unwrought	2 342	-4.46%	2	Telephone sets	837	5.08%
3	Petroleum gas and other gaseous hydrocarbons	2 263	-6.74%	3	Medicaments	795	-2.91%
4	Ferro-alloys	2 206	-2.90%	4	Motor cars	551	-3.57%
5	Radioactive chemical elements and radioactive isotopes	1 442	-11.28%	5	Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats	410	-2.27%
6	Refined petroleum oils and oils obtained from bituminous minerals	1 161	-11.95%	6	Tubes, pipes and hollow profiles, seamless, of iron or steel	401	-1.57%
7	Copper ores and concentrates	1 080	27.19%	7	Automatic data-processing machines and units thereof; magnetic	352	-11.60%
8	Unwrought zinc	835	2.61%	8	Petroleum gas and other gaseous hydrocarbons	325	-6.28%
9	Wheat and meslin	661	-15.47%	9	New pneumatic tyres, of rubber	312	-6.07%
10	Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm, hot-rolled,	591	16.45%	10	Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable"	308	-2.29%
TOTAL EXPORTS		48 342	-9.02%	TOTAL IMPORTS		29 305	-6.60%

Source: TradeMap, 2018



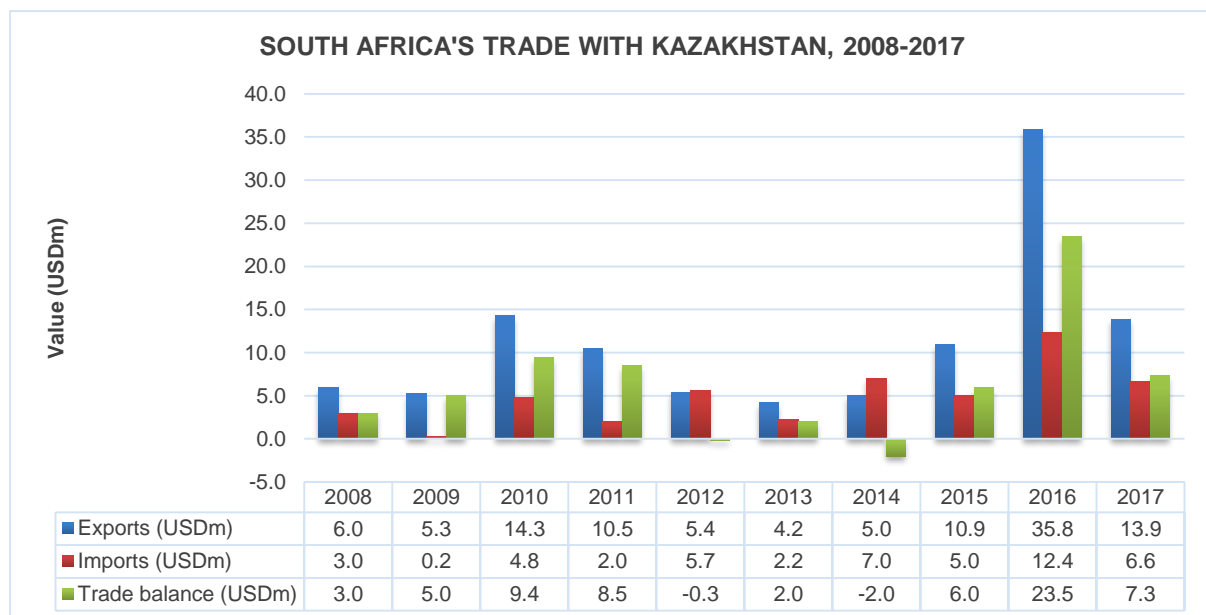
Kazakhstan's exports represent 0.2% of world imports and is the world 52<sup>nd</sup> largest importer.

Kazakhstan's imports represent 0.2% of world exports and is the world's 65<sup>th</sup> largest exporter.

Source: TradeMap, 2018

### 3.3 Trade with South Africa

South Africa exported goods to Kazakhstan valued at USD13.9m in 2017, while imported goods were valued at USD6.6m. Except for 2014, South Africa has maintained a trade surplus with Kazakhstan, with exports exceeding imports over the period 2008 to 2017. The huge increase in exports in 2016 was mainly due to the exports of tanks and other armoured fighting vehicles, motorised, and parts of such vehicles valued at USD18m.



Source: Quantec, 2018

The leading export product to Kazakhstan from South Africa in 2017, was machinery for sorting, screening, separating, washing valued at USD6.6m, followed by motor vehicle parts (USD1.5m). The leading import product into South Africa from Kazakhstan was sulphur, sublimed or precipitated; colloidal sulphur valued at USD5m with a share of 76%.

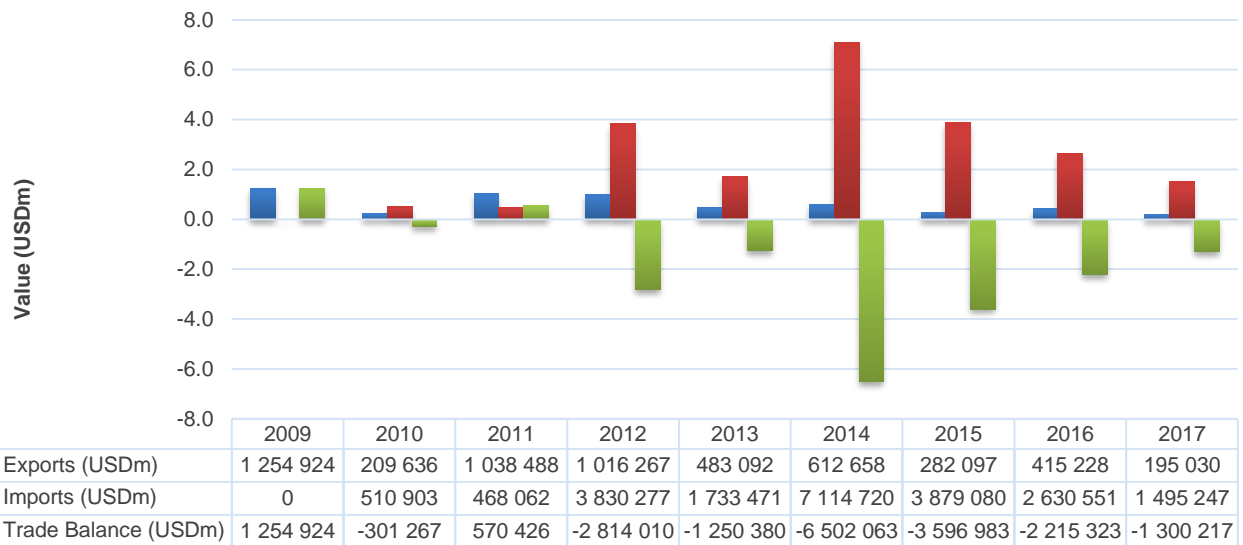
SOUTH AFRICA'S EXPORTS TO KAZAKHSTAN, 2017				SOUTH AFRICA'S IMPORTS FROM KAZAKHSTAN, 2017			
RANK	PRODUCT	VALUE 2017 (USD)	% GROWTH 2013-2017 (USD)	RANK	PRODUCT	VALUE 2017 (USD)	% GROWTH 2013-2017 (USD)
1	Machinery for sorting, screening, separating, washing, crushing, grinding	6 574 811	237.17%	1	Sulphur, sublimed or precipitated; colloidal sulphur.	5 037 799	-
2	Parts and accessories of the motor vehicles of headings 87.01 to 87.05.	1 463 429	468.86%	2	Chromium oxides and hydroxides.	938 006	-18.92%
3	Pumps for liquids, whether or not fitted with a measuring device; liquid elevators.	750 631	236.93%	3	Unwrought zinc.	583 160	-
4	Machinery, plant or laboratory equipment, for the treatment of materials by a process involving a change of temperature such as heating, cooking, roasting	503 857	-	4	Linseed, whether or not broken.	7 129	-
5	Other articles of iron or steel.	422 744	-	5	Measuring or checking instruments, appliances and machines,	6 898	-
6	Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, including pressure-reducing valves and thermostatically controlled valves.	416 956	68.86%	6	Percussion musical instruments (for example, drums, xylophones, cymbals, castanets, maracas).	6 673	-
7	Citrus fruit, fresh or dried.	394 271	135.86%	7	Parts of musical instruments; metronomes, tuning forks and pitch pipes of all kinds.	5 233	-
8	Organo-sulphur compounds.	325 628	-	8	Other articles of iron or steel.	3 583	-
9	Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel.	321 504	-	9	Musical instruments, the sound of which is produced, or must be amplified, electrically (for example, organs, guitars, accordions).	3 512	12
10	Other lifting, handling, loading or unloading machinery (for example, lifts, escalators, conveyors, teleferics).	213 170	-	10	Antiques of an age exceeding one hundred years.	3 241	116.48%
<b>TOTAL EXPORTS</b>		<b>13 911 340</b>	<b>56.20%</b>	<b>TOTAL IMPORTS</b>		<b>6 606 562</b>	<b>45.25%</b>

Source: Quantec, 2018

### 3.4 Western Cape Trade with Kazakhstan

The Western Cape exported goods to Kazakhstan valued of USD0.2m in 2017 while imported goods were valued at USD1.5m. Except for 2009 and 2011, the Western Cape has maintained a trade deficit with Kazakhstan, with imports exceeding exports over the period analysed.

**WESTERN CAPE'S TRADE WITH KAZAKHSTAN, 2009-2017**



Source: Quantec, 2018

The leading export product to Kazakhstan from the Western Cape was citrus fruit valued at USD0.1m, Citrus fruit was also the fastest growing export product between 2013 and 2017 by 72%. The leading import product into the Western Cape from Kazakhstan was chromium oxides and hydroxides valued at USD0.9m and accounting for 62% of all imports in 2017.

WESTERN CAPE'S EXPORTS TO KAZAKHSTAN, 2017				WESTERN CAPE'S IMPORTS FROM KAZAKHSTAN, 2017			
RANK	PRODUCT	VALUE 2017 (USD)	% GROWTH 2013-2017 (USD)	RANK	PRODUCT	VALUE 2017 (USD)	% GROWTH 2013-2017 (USD)
1	Citrus fruit	133 778	72.72%	1	Chromium oxides and hydroxides.	925 661	-4.55%
2	Transmission apparatus for radio-broadcasting or television	40 525	-	2	Unwrought zinc.	565 052	-
3	Wine of fresh grapes	8 499	-	3	Linseed, whether or not broken.	4 525	-
4	Microphones and stands therefor; loudspeakers, whether or not mounted in their enclosures; headphones and earphones	4 688	-	4	-	-	-
5	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television	2 198	-	5	-	-	-
6	Automatic data processing machines and units thereof; magnetic or optical readers	1 412	-	6	-	-	-
7	Other articles of iron or steel.	1 047	-	7	-	-	-
8	Transmission shafts (including cam shafts and crank shafts) and cranks; bearing housings and plain shaft bearings; gears	1 039	-	8	-	-	-
9	Electric instantaneous or storage water heaters and immersion heaters; electric space heating apparatus	523	-	9	-	-	-
10	Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits	523	-	10	-	-	-
<b>TOTAL EXPORTS</b>		<b>195 030</b>	<b>-17.09%</b>	<b>TOTAL IMPORTS</b>		<b>1 495 247</b>	<b>26.97%</b>

Source: Quantec, 2018

### 3.5 Tariffs

In 2015 Kazakhstan became a member of WTO. Kazakhstan officially entered into a Customs Union with Russia and Belarus on July 1, 2010. On May 29, 2014 Kazakhstan and its Customs Union partners signed a treaty to create a common economic space known as the Eurasian Economic Union (EAEU). In addition, as a member of the EAEU, Kazakhstan is party to the Free Trade Agreement between the EAEU and Vietnam. Kazakhstan is a signatory of the Free Trade Agreement with CIS countries.

Tariffs imposed by Kazakhstan on imports from South Africa for 2016 are listed below.

TARIFFS IMPOSED ON SOUTH AFRICAN IMPORTS BY KAZAKHSTAN, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H01: Live animals	4	H33: Essential oils, perfumes, cosmetics, toiletries	6	H65: Headgear and parts thereof	10
H02: Meat and edible meat offal	19	H34: Soaps, lubricants, waxes, candles, modelling pastes	6	H66: Umbrellas, walking-sticks, seat-sticks, whips	15
H03: Fish, crustaceans, molluscs, aquatic invertebrates	4	H35: Albuminoids, modified starches, glues, enzymes	4	H67: Bird skin, feathers, artificial flowers, human hair	11
H04: Dairy products, eggs, honey, edible animal product	11	H36: Explosives, pyrotechnics, matches, pyrophorics	10	H68: Stone, plaster, cement, asbestos, mica, articles	8
H05: Products of animal origin	5	H37: Photographic or cinematographic goods	4	H69: Ceramic products	11
H06: Live trees, plants, bulbs, roots, cut flowers	4	H38: Miscellaneous chemical products	4	H70: Glass and glassware	11
H07: Edible vegetables and certain roots and tubers	9	H39: Plastics and articles thereof	5	H71: Pearls, precious stones, metals, coin	8
H08: Edible fruit, nuts, peel of citrus fruit, melons	3	H40: Rubber and articles thereof	6	H72: Iron and steel	4
H09: Coffee, tea, mate and spices	2	H41: Raw hides and skins (other than furskins) and leather	3	H73: Articles of iron or steel	8
H10: Cereals	3	H42: Articles of leather, animal gut, harness, travel goods	13	H74: Copper and articles thereof	3
H11: Milling products, malt, starches, inulin, wheat gluten	7	H43: Furskins and artificial fur, manufactures thereof	5	H75: Nickel and articles thereof	4
H12: Oil seed, oleag fruits, grain, seed, fruit,	1	H44: Wood and articles of wood, wood charcoal	8	H76: Aluminium and articles thereof	5
H13: Lac, gums, resins, vegetable saps and extracts	4	H45: Cork and articles of cork	4	H78: Lead and articles thereof	3
H14: Vegetable plaiting materials, vegetable products	6	H46: Manufactures of plaiting material, basketwork, etc.	7	H79: Zinc and articles thereof	3
H15: Animal, vegetable fats and oils, cleavage products	7	H47: Pulp of wood, fibrous cellulosic material, waste	6	H80: Tin and articles thereof	1
H16: Meat, fish and seafood food preparations	12	H48: Paper & paperboard, articles of pulp, paper and board	7	H81: Other base metals, cermets, articles thereof	8
H17: Sugars and sugar confectionery	14	H49: Printed books, newspapers, pictures	2	H82: Tools, implements, cutlery, of base metal	6
H18: Cocoa and cocoa preparations	3	H50: Silk	2	H83: Miscellaneous articles of base metal	8
H19: Cereal, flour, starch, milk preparations and products	11	H51: Wool, animal hair, horsehair yarn and fabric thereof	7	H84: Nuclear reactors, boilers, machinery	1
H20: Vegetable, fruit, nut food preparations	7	H52: Cotton	6	H85: Electrical, electronic equipment	2
H21: Miscellaneous edible preparations	9	H53: Vegetable textile fibres paper yarn, woven fabric	5	H86: Railway, tramway locomotives, rolling stock, equipment	7
H22: Beverages, spirits and vinegar	24	H54: Manmade filaments	6	H87: Vehicles other than railway, tramway	11
H23: Residues, wastes of food industry, animal fodder	4	H55: Manmade staple fibres	6	H88: Aircraft, spacecraft, and parts thereof	6
H24: Tobacco and manufactured tobacco substitutes	6	H56: Wadding, felt, nonwovens, yarns, twine, cordage	5	H89: Ships, boats and other floating structures	7
H25: Salt, sulphur, earth, stone, plaster, lime and cement	4	H57: Carpets and other textile floor coverings	3	H90: Optical, photo, technical, medical apparatus	2
H26: Ores, slag and ash	1	H58: Special woven or tufted fabric, lace, tapestry	11	H91: Clocks and watches and parts thereof	8
H27: Mineral fuels, oils, distillation products,	3	H59: Impregnated, coated or laminated textile fabric	5	H92: Musical instruments, parts and accessories	7
H28: Inorganic chemicals, precious metal compound, isotopes	4	H60: Knitted or crocheted fabric	5	H93: Arms and ammunition, parts and accessories thereof	11

TARIFFS IMPOSED ON SOUTH AFRICAN IMPORTS BY KAZAKHSTAN, 2016					
HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)	HS CODE AND PRODUCT DESCRIPTION	TARIFF (%)
H29: Organic chemicals	4	H61: Articles of apparel, accessories, knit or crochet	8	H94: Furniture, lighting, signs, prefabricated buildings	8
H30: Pharmaceutical products	4	H62: Articles of apparel, accessories, not knit or crochet	11	H95: Toys, games, sports requisites	8
H31: Fertilizers	6	H63: Other made textile articles, sets, worn clothing	11	H96: Miscellaneous manufactured articles	0
H32: Tanning, dyeing extracts, tannins, derivatives, pigments	2	H64: Footwear, gaiters and the like, parts thereof	4	H97: Works of art, collectors pieces and antiques	10

Source: Market Access Map, 2018

NOTE: Exporters should not take the HS2 tariff as conclusive and as the actual tariff that will be applied to the exported product. The tariffs indicated above are average tariffs and for products within the category it may be higher or lower than indicated. Where the tariff is zero it can be assumed that there is zero tariff applicable to all products within that HS code. Tariffs are determined according to the importing country's national tariff line from the HS6 level and upwards. Exporters are advised to visit [www.macmap.org](http://www.macmap.org) to determine the exact tariff applicable to the product at HS6.

### 3.6 Trade Regulations Markings and Standards

#### Import Requirements and Documentation

All goods entering the customs territory of Kazakhstan are subject to declaration and customs clearance at approved customs clearance points. A declaration must be filed within thirty days of arrival of the goods to Kazakhstan, but a brief declaration and notification on arrival of goods shall be submitted to the customs body within 24 hours after the goods cross the border and are placed at a temporary storage warehouse. With the exception of private persons permitted to transfer goods under a simplified procedure, a customs declaration must be filed by a Kazakhstani entity - that is, a business organization registered under Kazakhstani law or its affiliate or representative located in Kazakhstan, an individual entrepreneur registered in Kazakhstan, or a permanent resident of Kazakhstan. Foreign entities cannot deal directly with customs officials in Kazakhstan and are legally required to use services provided by licensed customs brokers having the right to operate in Kazakhstan.

A party declaring commercial goods at a customs office in Kazakhstan for their release for free circulation is responsible for submitting the paper and electronic copies of customs declarations (one copy of each per shipment), as well as accompanying documents. The Customs Cargo Declaration (5 copies) must be completed in either the Kazakh or Russian language. Other documents may be submitted in a foreign language. A customs officer, however, has the authority to request a translation of such documents into Kazakh or Russian as well as a notarization of the translation. In addition to the Customs Cargo Declaration, a party declaring goods is required to submit a set of other documents including invoices, a contract for the supply of goods, an import/export transaction passport, and shipping documents (e.g., bill of lading, airway bill, etc.). The passport of transaction is the primary tool used in the framework of the currency control system. The passport of transaction represents a cross-agency document filled out by the exporter/importer and reviewed by customs officials and representatives of the exporter/importer's bank.

#### Labelling Requirements

According to Kazakhstani legislation, most products imported into the country must be labelled in both the Kazakh and Russian languages. Product labels should include names, manufacturer, country of origin, and information on date of production, period of validity, storage conditions, nutrition data, and usage.

Product manufacturers or sellers obtaining a certificate of conformity have a right to use a mark of conformity by all means established by the state system of technical regulation.

According to the Technical Regulations of the Eurasian Economic Union (EAEU) coming into force in 2013 all products exporting into the EAEU which are subject of the Mandatory Certification and Conformity Assessment under the regulations should be labeled with the Eurasian Conformity Mark (EAC).

#### Customs Regulations

Kazakhstan's customs code remains overly complicated and does not encourage transparency or the expeditious movement of goods. This is one of the reasons why the country continues to rank at the bottom (185 out of 189) of the World Bank's "Trading Across Borders" indicator.



On January 1, 2010, Kazakhstan adopted the unified customs tariffs and non-tariff regulations of the Russia, Belarus, and Kazakhstan Customs Union (CU), a legal framework of Eurasian Economic Union (EEU). The CU implemented the new common Customs Code and abolished internal customs borders in July 2011. Detailed information on legal agreements and the customs duties schedule can be found at the website of Eurasian Economic Commission [www.eurasiancommission.org](http://www.eurasiancommission.org).

Kazakhstan's customs valuation rules largely conform to the World Trade Organization (WTO) Valuation Agreement, and the country has adopted HS 96 as its tariff nomenclature. After nearly two decades of negotiations, in June 2015, Kazakhstan joined the WTO.

Kazakhstan continues to maintain tariff-rate quotas (TRQs) on imports of poultry, beef, and pork, as part of its obligations within the CU. Precious metals and stones, encrypted technologies, documents from national archives, and items of cultural value are among the products now subject to export licensing. Kazakhstan will remove the requirement on import licensing for alcoholic beverages as a result of Russia's accession to the WTO.

### Standards for Trade

Certification and/or conformity assessment procedures are part of the national system of technical regulation. In June 2015, Kazakhstan finalized the negotiations of its WTO entry. To bring Kazakhstan's standards more in line with international standards, in 2007 Kazakhstan adopted a number of laws and amendments to the existing Law on Technical Regulations including such laws as Safety of Chemical Products, Safety of Food Products, Safety of Toys, and Safety of Equipment and Machinery. The national file of standards now includes 67,676 rules and norms, including 15,674 representing international standards (ISO) and 2,653 American standards (ANSI). These standards are applied in all economic sectors.

Under the current regulations, safety standards acquire the status of normative documents, mandatory for consideration, while quality standards will gradually become voluntary. The functions of governmental bodies will be limited to dealing with safety control issues. Technical regulations will acquire the status of laws and will be intended to ensure the safety of life and health of consumers. Other standards relating to quality of goods will be given a voluntary status, and manufacturers will no longer be forced to follow outdated requirements dictating a shape, or color of goods as it was under previous legislation.

### Standards Organizations

The Committee on Technical Regulation and Metrology (Gosstandart), under the Ministry of Investments and Development, is the national agency administering technical regulation issues in Kazakhstan. Gosstandart is subdivided into three subordinate enterprises: the Kazakh Institute for Standardization and Certification, the Kazakh Institute of Metrology, and National Center of Accreditation.

### Conformity Assessment

The existing procedure of conformity assessment applied in Kazakhstan does not allow for 100% application of international standards due to legal and technical inconsistencies. Kazakhstan entered the International Laboratory Accreditation Cooperation (ILAC) in 2010 and joined the International Accreditation Forum (IAF) in 2013. The Conformity Assessment is based on the legislature of Russia, Kazakhstan, and Belarus.

## 3.7 Port-to-Port

The main ports and harbours in Kazakhstan include Aqtau (Shevchenko) and Atyrau (Gur'yev) in the Caspian Sea. The ports of Oskemen (Ust-Kamenogorsk), Pavlodar, Semey (Semipalatinsk) and Merchant Marine are located on rivers.

TRANSIT TIME FROM CAPE TOWN TERMINAL TO THE FOUR LARGEST PORTS IN KAZAKHSTAN, 2016		
TERMINAL	DISTANCE	TRANSIT TIME
Atyrau	7579.60 mi (14037.41 km)	a month

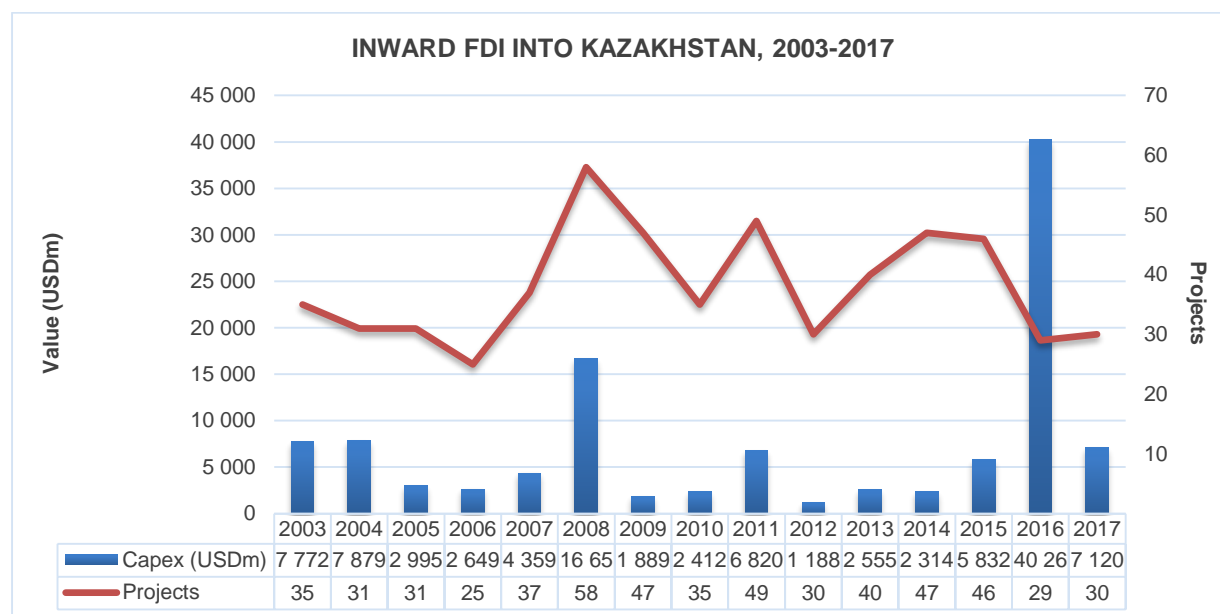
Source: SeaRates, 2018



## 4. Investment

### 4.1 Global Investment into Kazakhstan

Between 2003 and 2017 a total of 570 FDI projects were recorded into Kazakhstan. These projects represent a total capital investment of USD112.70bn which is an average investment of USD197.70m per project. During the review period, a total of 132,398 jobs were created.



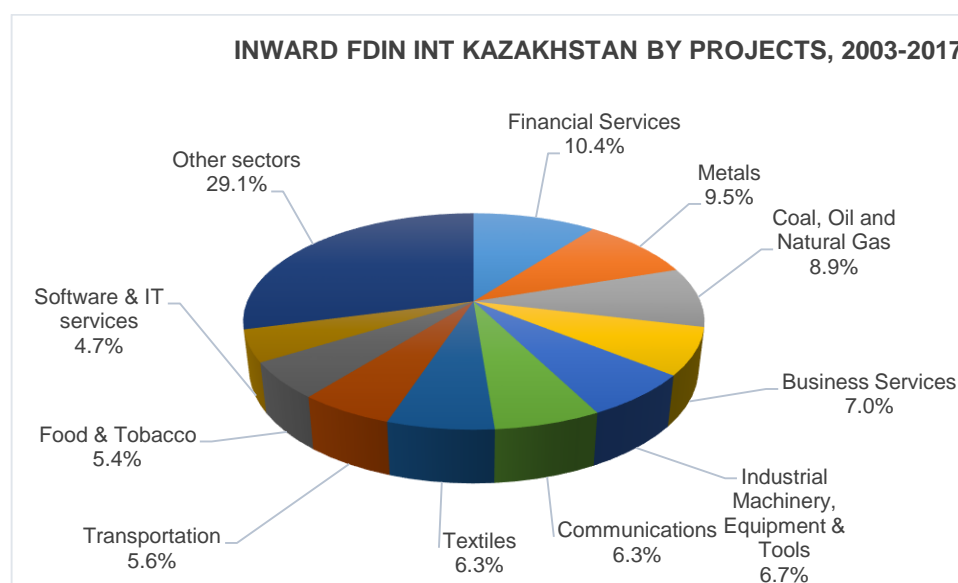
Source: FDI Intelligence, 2018

Russia was the largest source market for inward FDI into Kazakhstan in terms of projects, with 84 investment projects, accounting for 15%. The United States and UK are ranked second and third accounting for 13% and 8% respectively.

TOP SOURCE MARKETS FOR FDI INTO KAZAKHSTAN, 2003 - 2017							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES	% COMPANIES
1	Russia	84	14.74%	12 447	11.04%	59	13.23%
2	United States	71	12.46%	43 035	38.18%	55	12.33%
3	UK	45	7.89%	8 630	7.66%	36	8.07%
4	China	39	6.84%	11 243	9.98%	30	6.73%
5	France	31	5.44%	2 780	2.47%	25	5.61%
6	Germany	31	5.44%	1 737	1.54%	27	6.05%
7	Italy	19	3.33%	2 295	2.04%	15	3.36%
8	Sweden	19	3.33%	859	0.76%	5	1.12%
9	South Korea	18	3.16%	2 001	1.78%	14	3.14%
10	Ukraine	17	2.98%	246	0.22%	15	3.36%
<b>Total</b>		<b>570</b>	<b>100%</b>	<b>112 704</b>	<b>100%</b>	<b>446</b>	<b>100%</b>

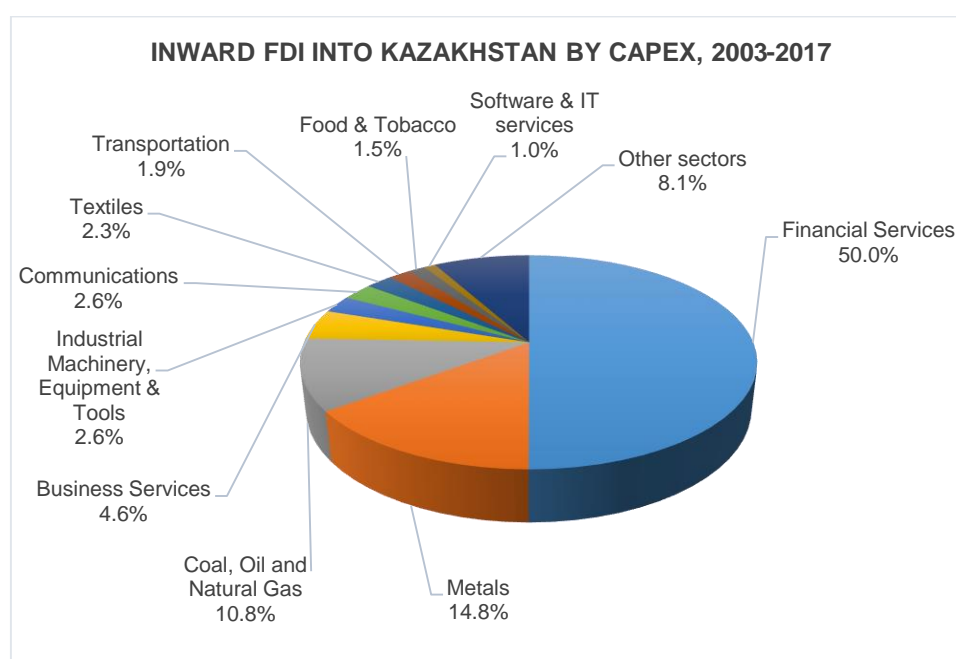
Source: FDI Intelligence, 2018

The financial services sector received the largest FDI by projects accounting for 10.4% followed by the metals sector at 9.5%.



Source: FDI Intelligence, 2018

The coal, oil and natural gas sector received the largest FDI by capex accounting for 50% followed by the metals sector at 15%.



Source: FDI Intelligence, 2018

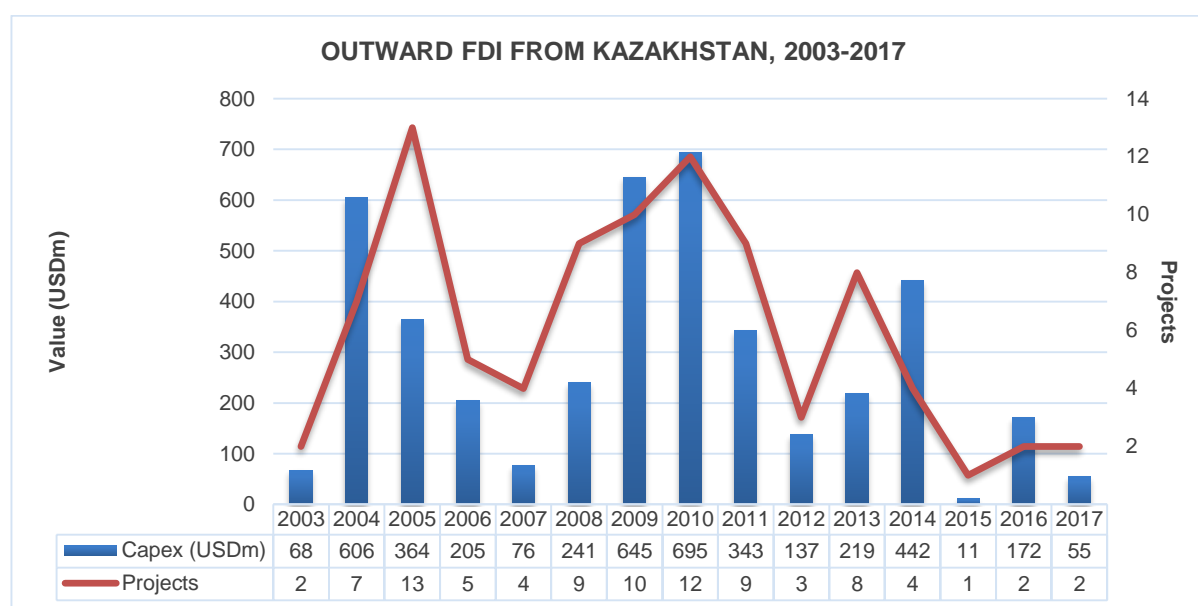
The top 10 companies for inward FDI into Kazakhstan for the period 2003 to 2017 are shown below.

TOP 10 INWARD FDI COMPANIES INTO KAZAKHSTAN, 2003 - 2017			
COMPANY	SECTOR	PROJECTS	CAPEX (USDm)
GSM Kazakhstan/Kcell	Communications	8	44.7
Sberbank (Kazakhstan)	Financial Services	7	218.5
Tele2 Kazakhstan	Communications	6	239.6
ArcelorMittal	Metals	5	1 320.6
Chevron Corporation	Coal, oil and gas	5	153.3
Lukoil	Coal, oil and gas	5	1 250.5
China National Oils, Foodstuffs and Cereals Corporation (COFCO)	Food & beverages	4	837.2
Fawaz Alhokair Group	Textiles	4	72.4
KAZ Minerals (Kazakhmys)	Metals	4	1 159.2
Mango	Textiles	4	72.4
<b>Total</b>		<b>570</b>	<b>112 703.9</b>

Source: FDI Intelligence, 2018

## 4.2 Global Investment from Kazakhstan

Between 2003 and 2017 a total of 91 FDI projects were recorded from Kazakhstan. These projects represent a total capital investment of USD4.28bn which is an average investment of USD47.00m per project. During the period, a total of 12,676 jobs were created.



Source: FDI Intelligence, 2018

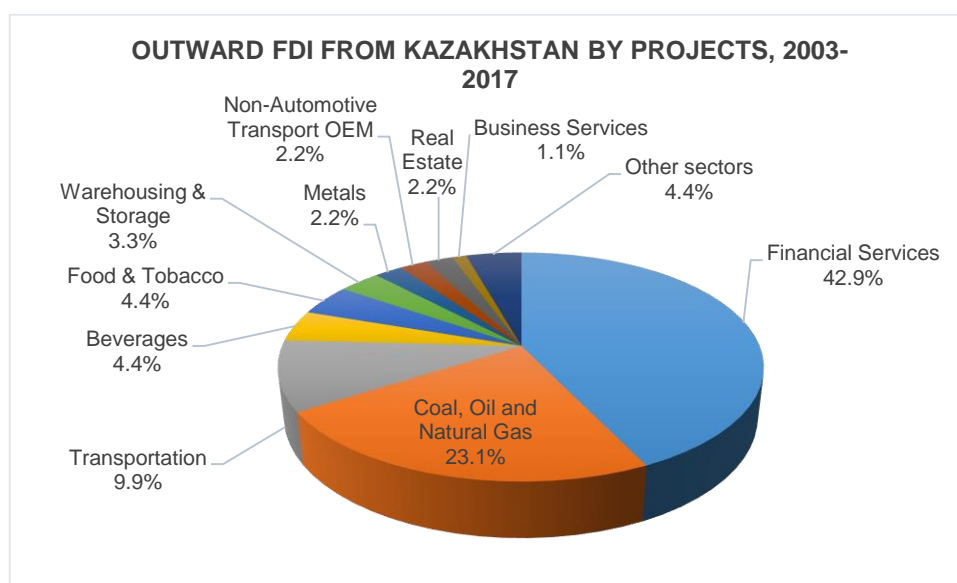
Russia was the largest destination market in terms of projects for FDI from Kazakhstan with 23 investment projects, accounting for 25%. Georgia and Ukraine are ranked second and third accounting for 9% each.

TOP DESTINATION MARKETS FOR FDI OUT OF KAZAKHSTAN, 2003 - 2017							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES	% COMPANIES
1	Russia	23	25.27%	797	18.63%	14	35.90%
2	Georgia	8	8.79%	218	5.09%	5	12.82%
3	Ukraine	8	8.79%	251	5.86%	4	10.26%
4	Moldova	5	5.49%	142	3.32%	2	5.13%

TOP DESTINATION MARKETS FOR FDI OUT OF KAZAKHSTAN, 2003 - 2017							
RANK	COUNTRY	PROJECTS	% PROJECTS	CAPEX (USDm)	% CAPEX	COMPANIES	% COMPANIES
5	Romania	5	5.49%	876	20.48%	2	5.13%
6	Azerbaijan	4	4.40%	142	3.32%	4	10.26%
7	Bulgaria	4	4.40%	206	4.81%	3	7.69%
8	China	4	4.40%	426	9.97%	4	10.26%
9	Armenia	3	3.30%	104	2.44%	2	5.13%
10	Hong Kong	3	3.30%	151	3.53%	2	5.13%
<b>Total</b>		<b>91</b>	<b>100%</b>	<b>4 278</b>	<b>100%</b>	<b>38</b>	<b>100%</b>

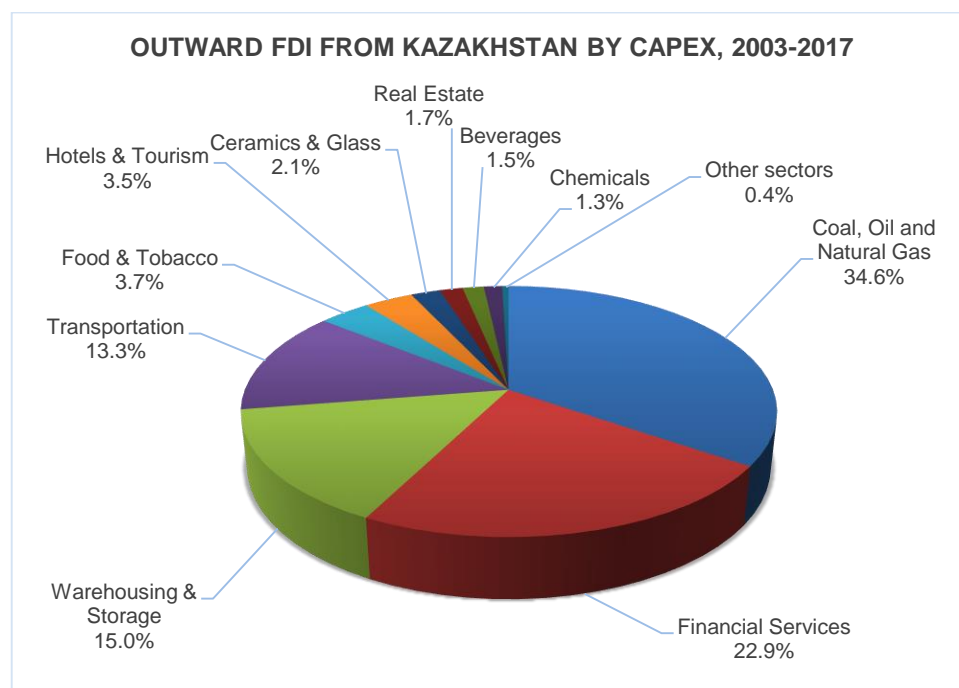
Source: FDI Intelligence, 2018

Financial services received the largest FDI from Kazakhstan by projects accounting for 43%, followed by coal, oil and gas at 23%.



Source: FDI Intelligence, 2018

The coal, oil and gas sector received the largest FDI from Kazakhstan by capex accounting for 35%, followed by financial services sector accounting for 23%.



Source: FDI Intelligence, 2018

The table below shows the top 10 companies from Kazakhstan investing globally.

TOP 10 OUTWARD FDI COMPANIES INTO KAZAKHSTAN, 2003 - 2017			
COMPANY	SECTOR	PROJECTS	CAPEX (USDm)
BTA Bank (Bank TuranAlem)	Financial Services	17	476
Rompetrol	Coal, oil & gas	11	712
Eurasian Development Bank	Financial Services	5	153
Soyuztranslink	Transportation	4	166
CenterCredit Bank	Financial Services	3	103
Halyk Bank	Financial Services	3	104
Halyk Bank Georgia	Financial Services	3	104
KTZ Express	Transportation	3	573
Rompetrol Moldova	Coal, oil & gas	3	74
Rosa	Beverages	3	57
<b>Total</b>		<b>91</b>	<b>4 278</b>

Source: FDI Intelligence, 2018

### 4.3 Investment Relations between South Africa and Kazakhstan

Between 2003 and 2017 a total of 2 FDI projects were recorded from South Africa to Kazakhstan. These projects represent a total capital investment of USD33.00m which is an average investment of USD16.50m per project. During the period, a total of 157 jobs were created.

There was no recorded FDI into South Africa from Kazakhstan recorded by FDI Intelligence.

SOUTH AFRICAN FDI INTO KAZAKHSTAN, 2003 - 2017							
DATE	INVESTING COMPANY	SOURCE CITY	SECTOR	SUB -SECTOR	INDUSTRY ACTIVITY	CAPEX (USDm)	JOBS
Dec 2013	Paramount Group	Johannesburg	Automotive OEM	Heavy duty trucks	Transport Equipment	23.3	150
Nov 2010	SRK Consulting	Johannesburg	Business Services	Architectural, engineering, & related services	Physical Sciences	9.7	7
<b>Total</b>						<b>33</b>	<b>157</b>

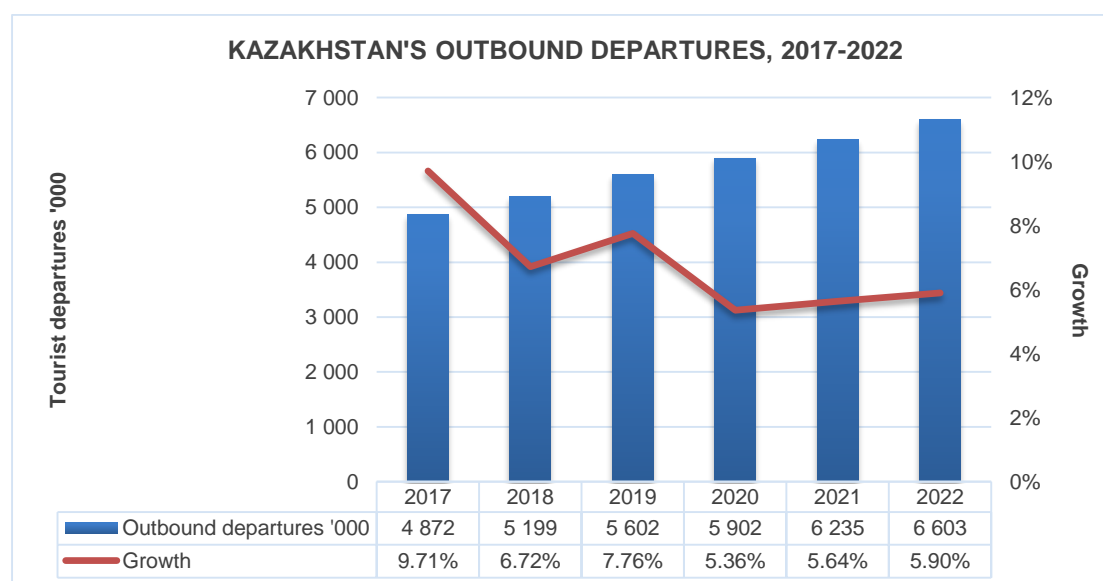
Source: FDI Intelligence, 2018

## 5. Tourism

### 5.1 Kazakhstan's Trends and Travel Patterns

According to Business Monitor International (2018), while outbound travel is growing, Kazakhstanis barriers when travelling abroad, and at present benefit from visa-free travel to just 42 countries (one of the lowest global rates). As such, it is unsurprising that the outbound travel market is dominated by Russia, which accounts for almost five out of six outbound departures - a reflection on Russia's attractions, the cultural and familial links between the countries and the ease of travel. With outbound travel not an option for many in Kazakhstan, the development of more affordable and better quality accommodation could provide a boost to the domestic travel sector, as would the improvement of road and rail links across the country.

The figure below shows that the number of Kazakhstan's outbound tourists are expected to increase by an average annual growth rate of 6.9% between 2017 and 2022.



Source: BMI, 2018

Note: there was no tourism data between South Africa and Kazakhstan

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