



Leibniz-Institut für Agrarentwicklung  
in Transformationsökonomien

# **Kazakhstan: Assessing the EAEU membership**

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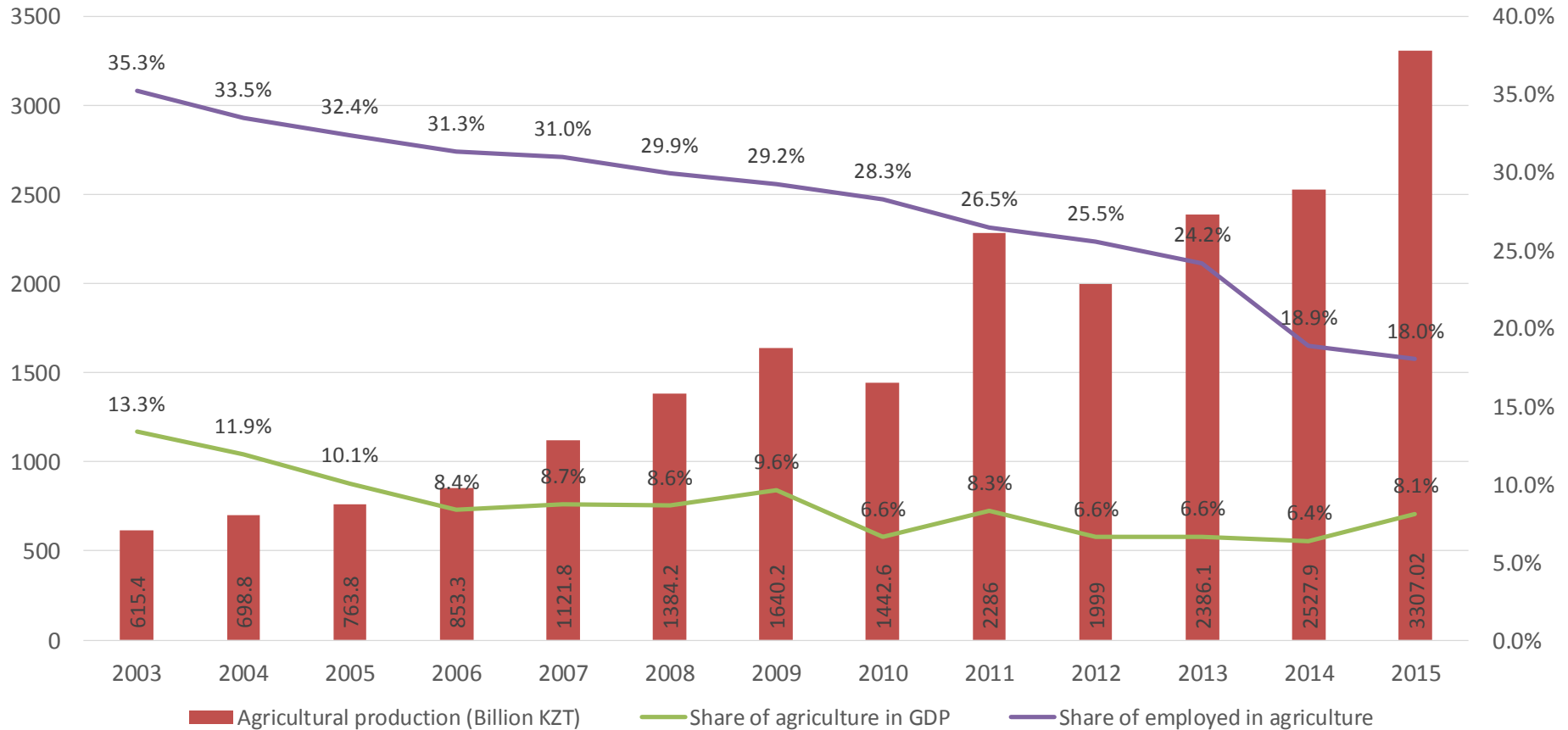
**21 – 23 June  
Halle (Saale)**



- Agriculture in Kazakhstan
- Eurasian Economic Union (EAEU)
- Trade with EAEU
- Main problems in EAEU
- Conclusions

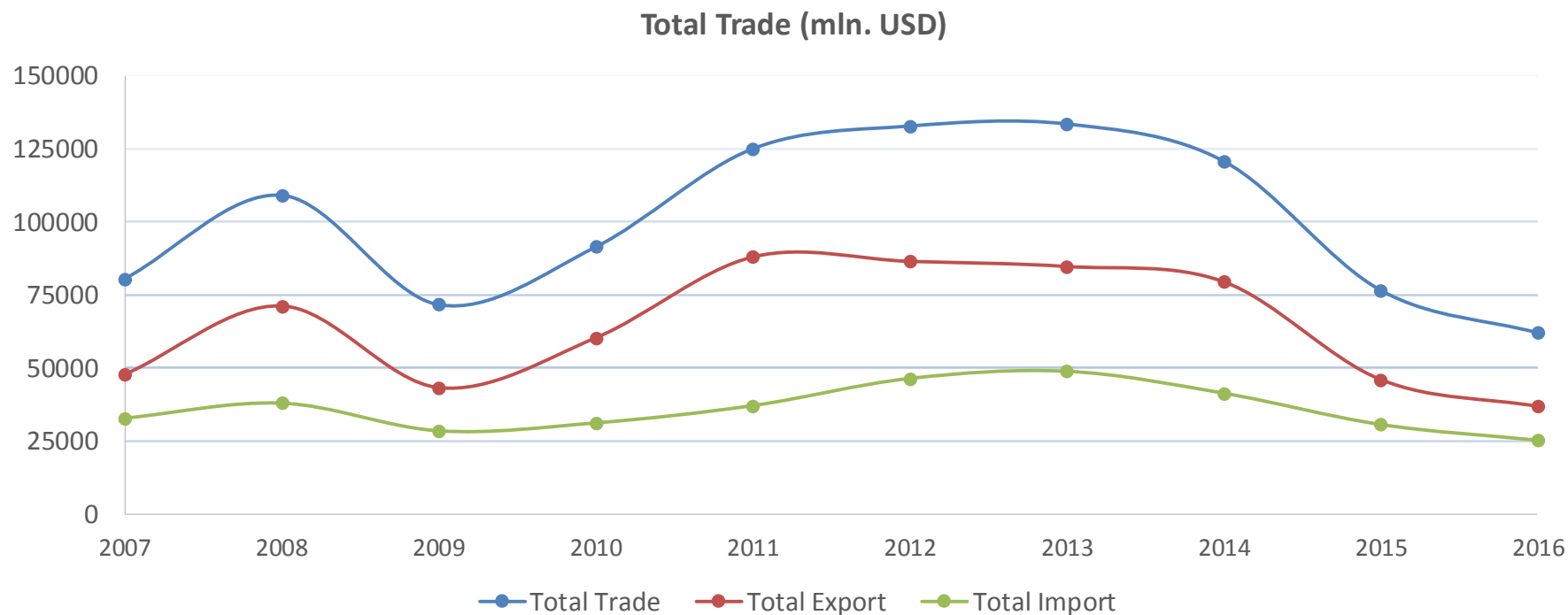


## Agricultural Production (Billion KZT)



Source: Statistics committee of Ministry of National Economy

# Kazakhstan in a net exporter in total trade

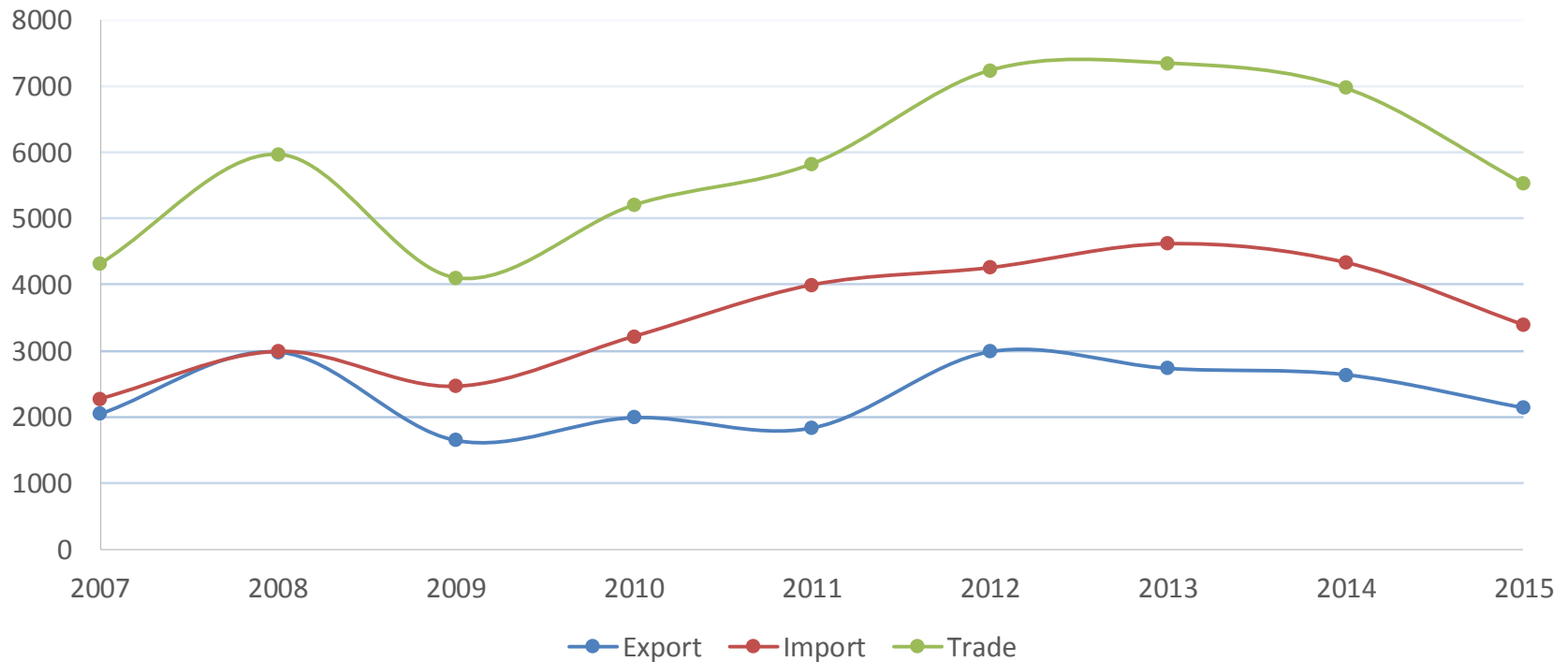


Source: Statistics committee of Ministry of National Economy

- Kazakhstan is a net exporter in total trade.
- Declining total trade:
  - Devaluation of KZT in 2015
  - Drop of oil prices in 2014

# Kazakhstan is a net importer in agricultural trade

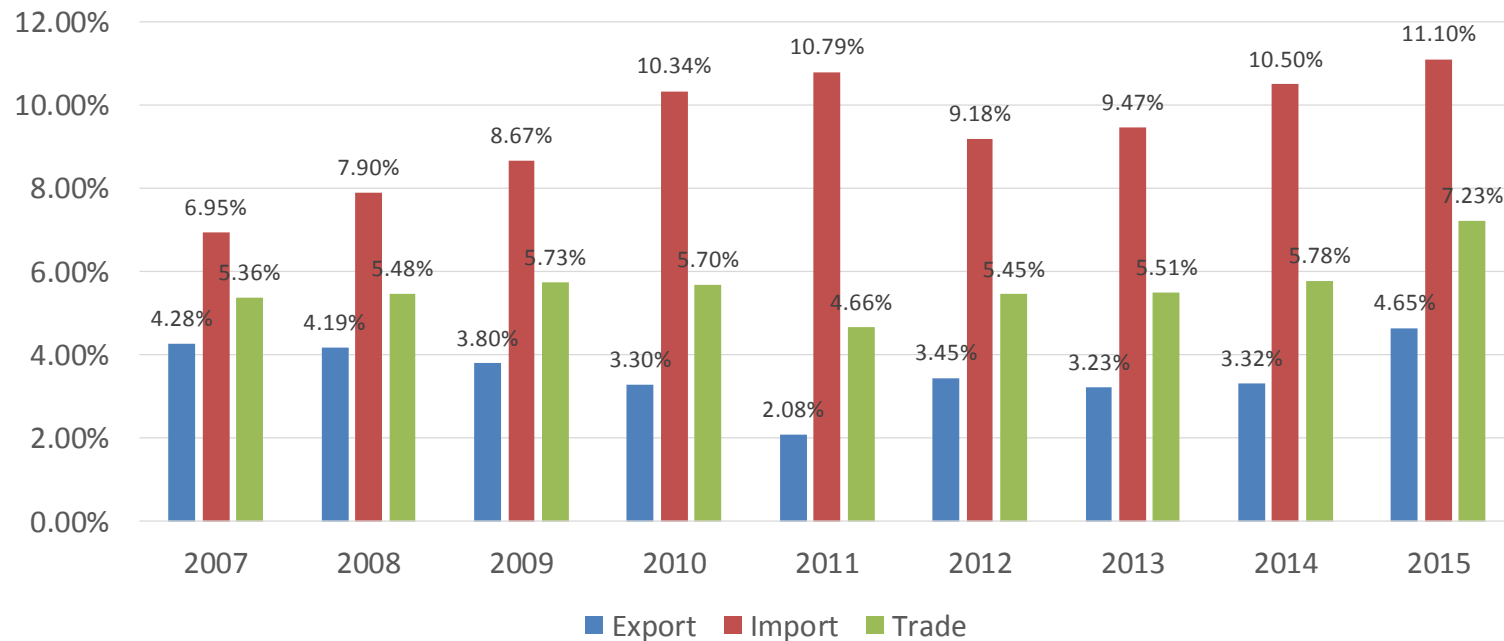
Agricultural & Food Products (mln. USD)



Source: Statistics committee of Ministry of National Economy

- Kazakhstan is a net importer in agricultural trade.

## Share of Agricultural & Food Products in Total Trade



Source: Statistics committee of Ministry of National Economy

# Eurasian Economic Union (EAEU)

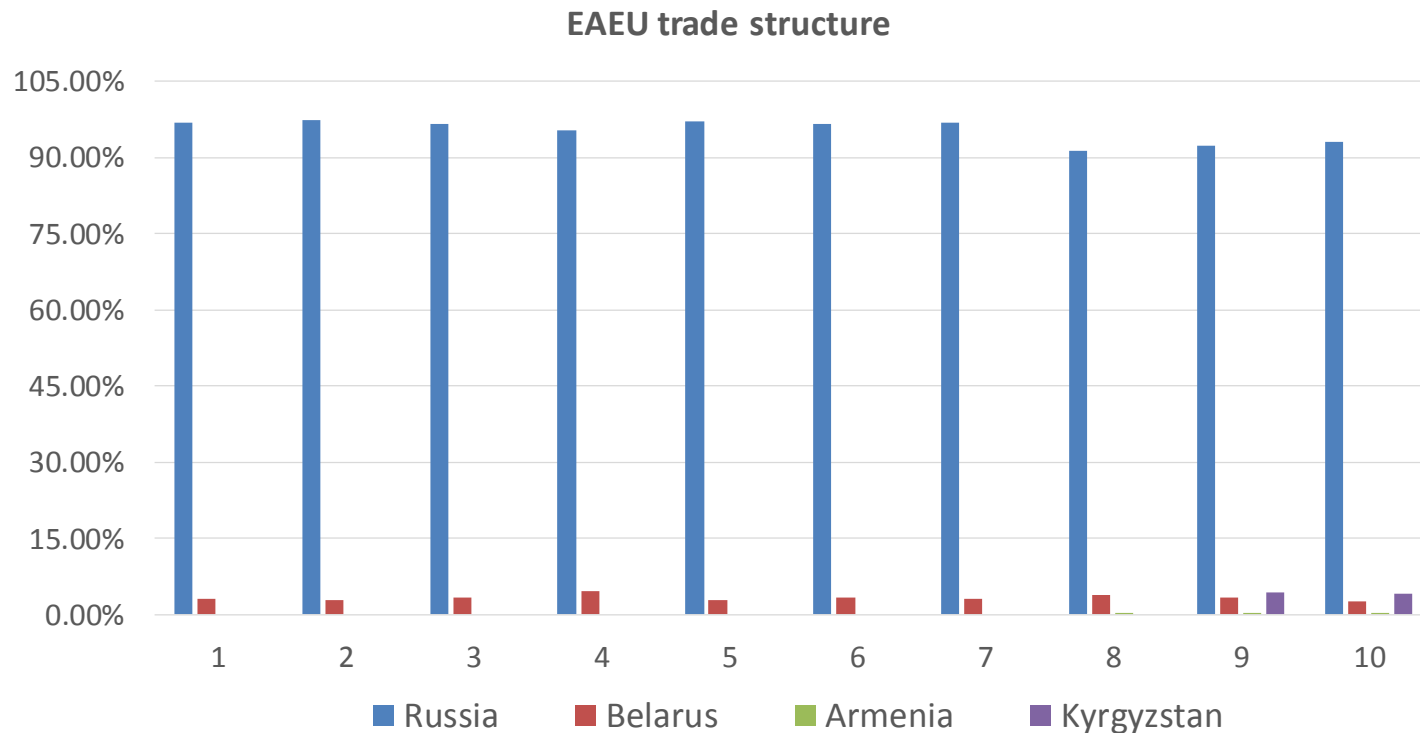
2010 – Belarus, Kazakhstan and Russia formed Customs Union (free flow of goods).

- Kazakhstan had to increase its import tariffs by almost two times. (Potential Trade Diversion?)

2015 – Customs Union was transformed into Eurasian Economic Union, with Armenia and Kyrgyzstan also joining the union (free flow of goods, services, labor and capital).

Country	Average Tariff prior to joining the ECU	Average Tariff After applying the common external tariff on the ECU in 2010
	un-weighted	un-weighted
Belarus	12	11.1
Russia	11.9	11.1
Kazakhstan	6.7	11.1

Source: Tarr, D. G. (2016). *The Eurasian Economic Union of Russia, Belarus, Kazakhstan, Armenia, and the Kyrgyz Republic: Can It Succeed Where Its Predecessor Failed?. Eastern European Economics*, 54(1), 1-22.

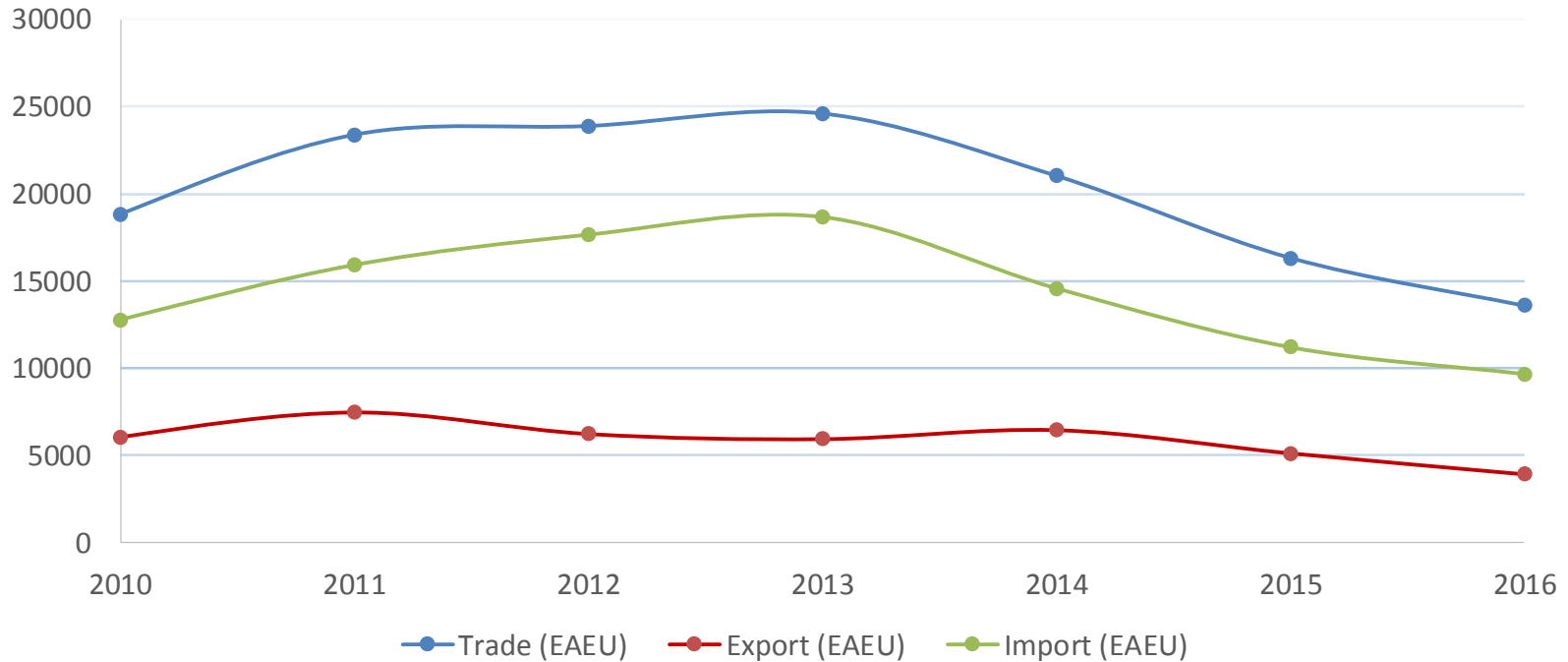


Source: Statistics committee of Ministry of National Economy

- More than 90% of all trade within the EAEU accounts to Russia.



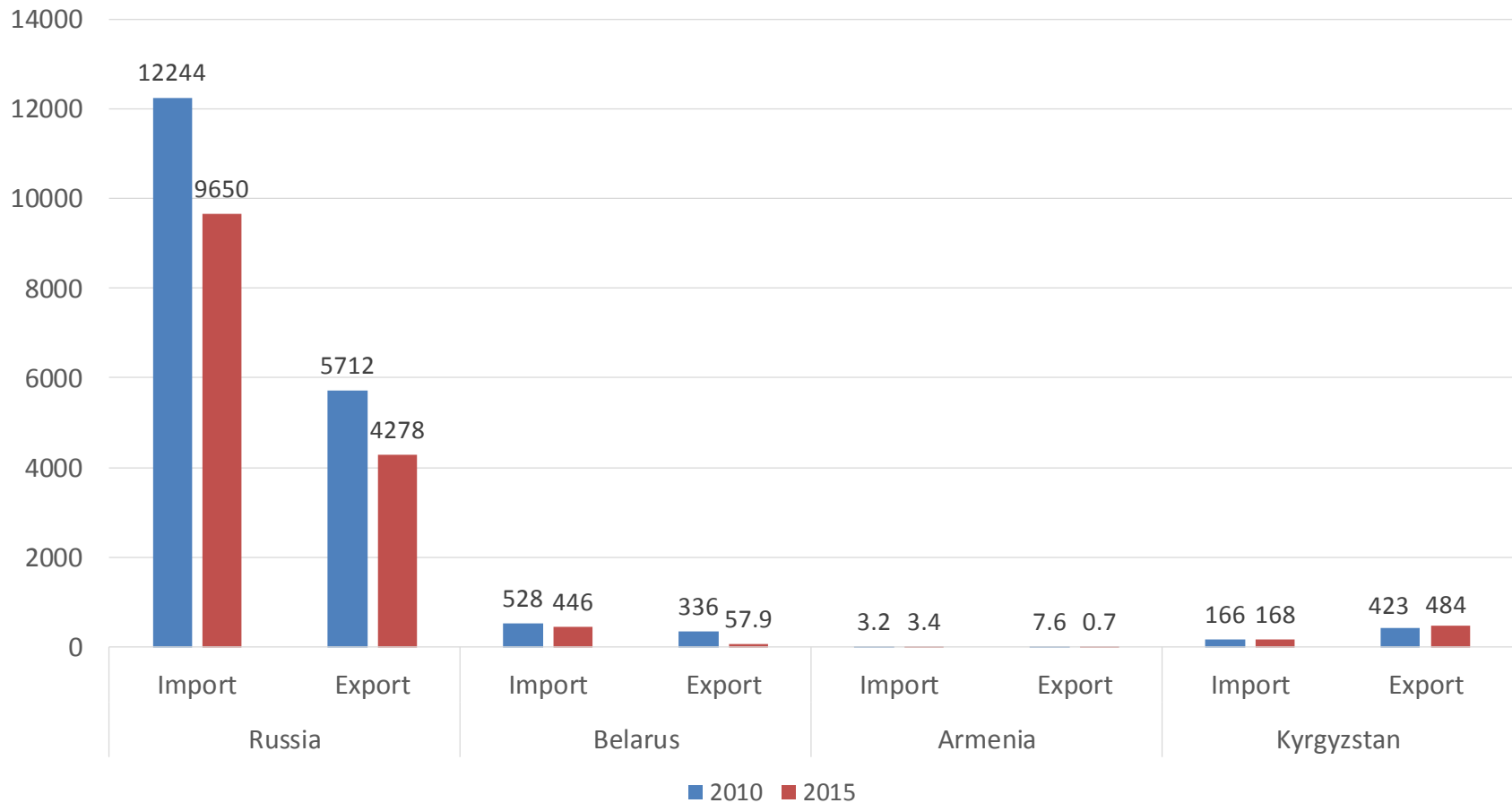
Trade with EAEU (mln. USD)



Source: Statistics committee of Ministry of National Economy

- Kazakhstan is a net importer in trade with the EAEU.
- Declining trade with the EAEU

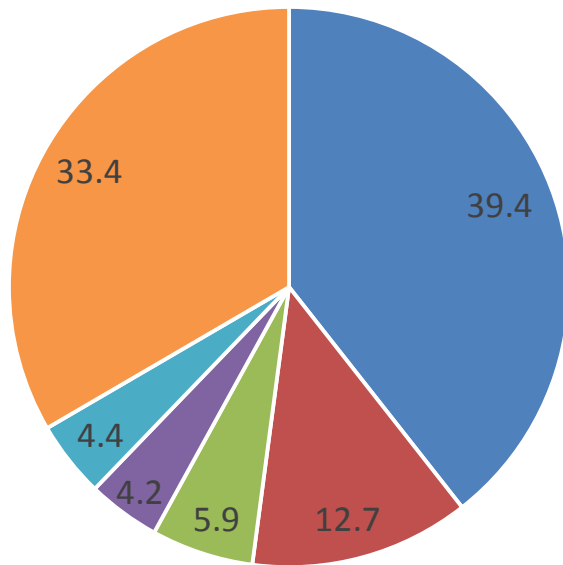
Dynamics of Kazakhstan's trade with the EAEU countries (mln. USD)



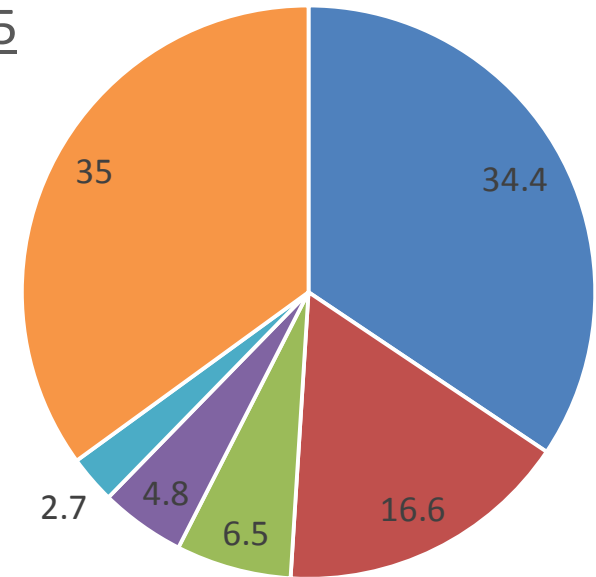
Source: Marketing Business Directory of Kazakhstan - KazData

# Import Structure (before and after EAEU)

2010



2015

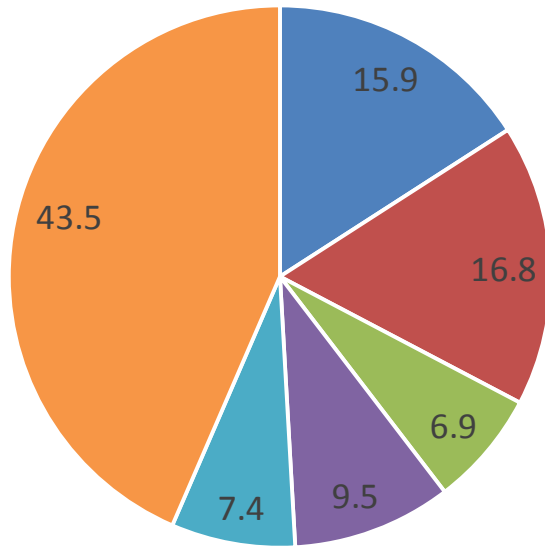


■ Russia ■ China ■ Germany ■ USA ■ Ukraine ■ Rest of the World

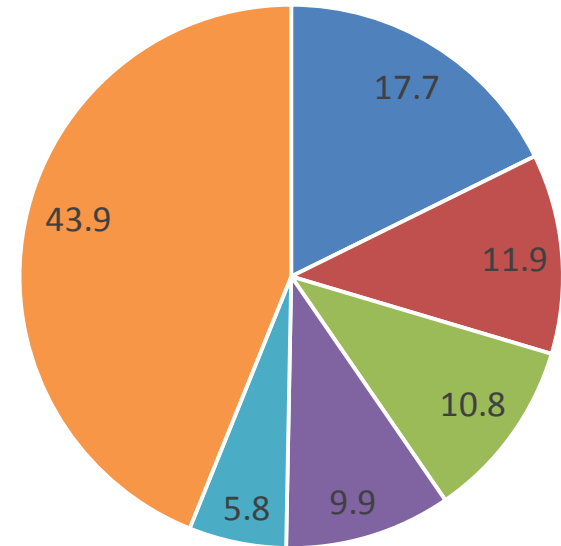
Source: Statistics committee of Ministry of National Economy

# Export Structure (before and after EAEU)

2010



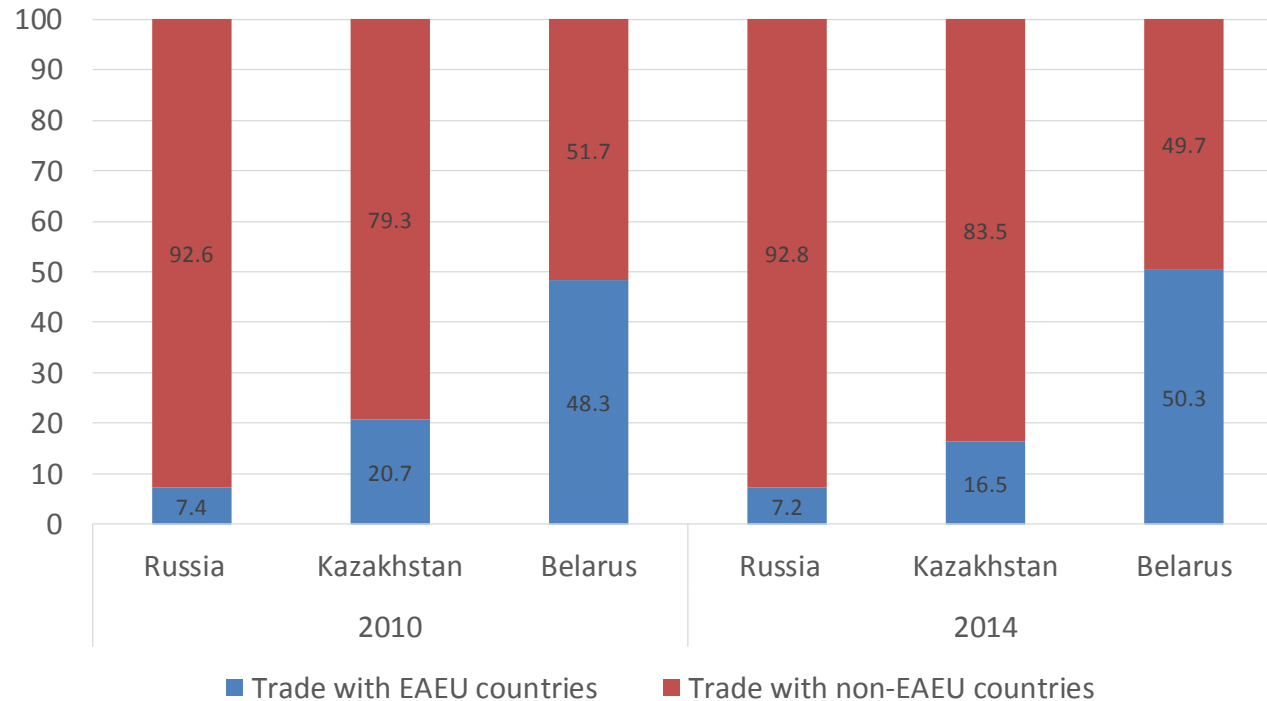
2015



■ Italy ■ China ■ Netherlands ■ Russia ■ France ■ Rest of the World

*Source: Statistics committee of Ministry of National Economy*

# Within the EAEU trade and non-EAEU trade

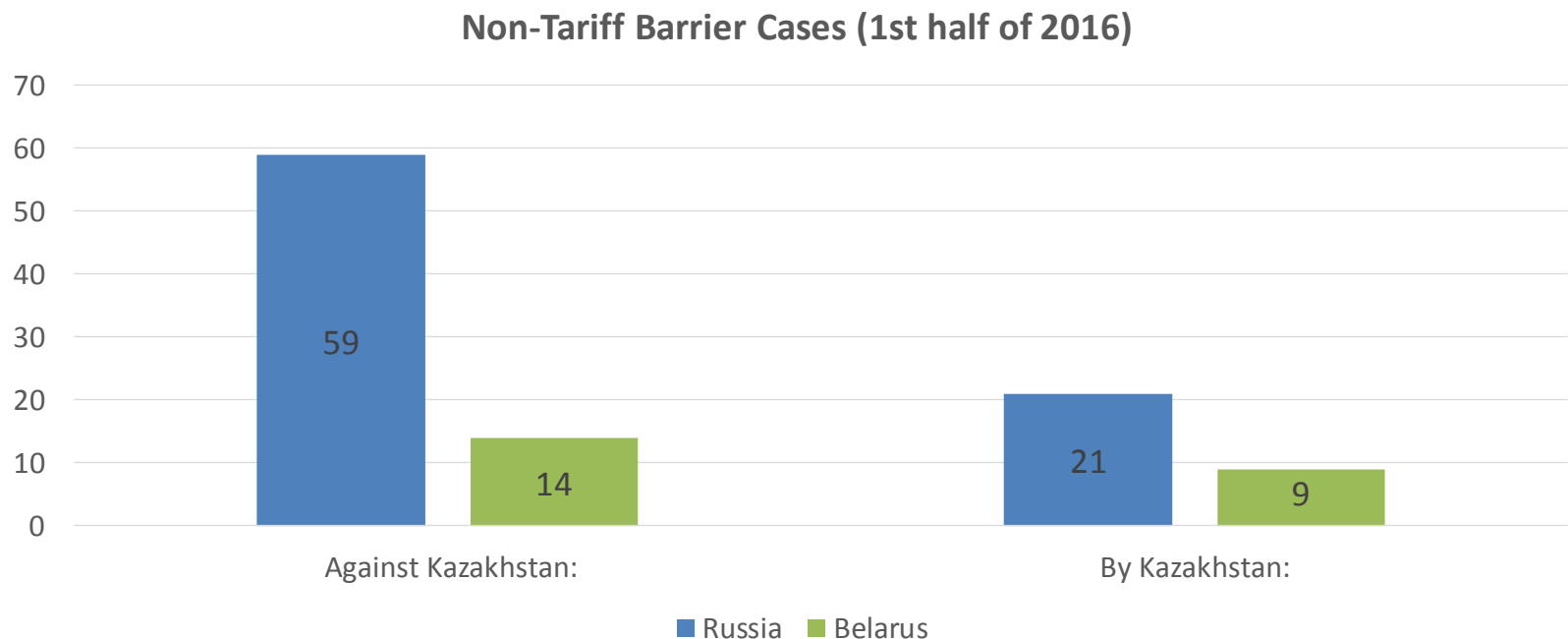


Source: Eurasian Economic Commission

- The share of non-EAEU trade was higher for all countries in 2010.
- The share of non-EAEU trade increased for all countries in 2014, except Belarus.

- **Non-tariff barriers:**

- Kazakhstan faces the highest barriers among the three countries: the non-tariff barriers they face are about 40 percent of the value of their exports to Belarus and 14 percent of the value of their exports to Russia (Tarr, 2016).



Source: Taibekuly A., (2016). *Kazakhstan i evraziiskaya integraciya: ojidanya i realnost* (Kazakhstan and Eurasian integration: expectations and reality). Institute of World Economics and Politics (IWEP) under the Foundation of the First President of the Republic of Kazakhstan.

- **Non-tariff barriers:**

- *Examples:*

2014 - May	The import of alcohol from the CU countries to Russia is limited to five liters. (Rossiiskaya Gazeta, 2014)
2015 - May	Kazakhstan bans the free import of cars from Russia and Belarus. (Kursiv, 2015)
2016 - May	Rosselkhoznadzor has temporarily banned the import and transit of raw meat products from Kazakhstan (National Business, 2016)
2016 - October	Belarus and Kazakhstan imposed ban on the import of Russian meat and milk. (Rrovladimir, 2016)

- **Food import ban by Russia:**

- The sanctioned products from European Countries are being continuously re-exported through EAEU countries.

- The volume of sanctioned products imported through Kazakhstan is difficult to calculate, but it is possible to identify some categories of products, which have shown fantastic growth in supply volumes. (Secretmag, 2016)

- From January to September 2015, the supply of meat and vegetables to Russia increased significantly - by 610% and 531%, respectively.

- From January to May 2015, the supply of cheese and curd increased by 2500%.

- The export of pork from the Muslim Kazakhstan increased by 2.6 times.

(Secretmag, 2016)

- Two cars were detained at the border, routing from Kazakhstan to the Altai region. 9 tons of the Dutch and Latvian cheese, which is banned in Russia were found in the cars. (Kapitalist, 2015)

- Almost five thousand tons of sanctioned products that were imported from Belarus, Kazakhstan and Ukraine, were discovered in Russia between November 2015 and March 2016. (TVC, 2016)



- **Eurasian Economic Union and WTO:**

Country	Average Tariff After applying the common external tariff on the ECU in 2010	Final WTO Bound Average Tariff
	un-weighted	un-weighted
Belarus	11.1	NA
Russia	11.1	8.6
Kazakhstan	11.1	6.1

Source: Tarr, D. G. (2016). The Eurasian Economic Union of Russia, Belarus, Kazakhstan, Armenia, and the Kyrgyz Republic: Can It Succeed Where Its Predecessor Failed?. *Eastern European Economics*, 54(1), 1-22.

- Divergences exist on more than 3000 items. (arbitrage in trade)

- In 2017 Russia introduced a ban on the turnover of certain goods imported from the partner countries of the EAEU. The purpose of the bill is to ban the sale of goods from countries of the WTO entering Russia through the territories of the EAEU countries, primarily through Kazakhstan. (Moskovski Komsomolec, 2017)

- **No unified and coherent picture of Eurasian integration.**

- Yerevan sees the EAEU solely in terms of strengthening military and political relations with Russia.
- Belarus and Kyrgyzstan are trying to gain economic and financial dividends from Russia for their internal needs.
- Kazakhstan wants to gain a foothold in the region as a serious political and economic player. In addition, for Astana, Russia is an attempt to find a balance against the growing influence of China.

Source: Galstyan A. (2017). Is the Eurasian Economic Union Slowly Coming Apart? The National Interest magazine.

- No trade facilitation effect of the EAEU was observed so far.
  - Benefits of removed tariffs are over-shadowed with non-tariff barriers.
- Russian food embargo increasing further problems.
- EAEU external tariffs conflict with WTO commitments.
- No common objective and vision of the Union.

**Thank you for your attention!!!**