


**Impacts within the Eurasian Customs Union: the case of Kazakhstan**


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## Food imports ban direct impact

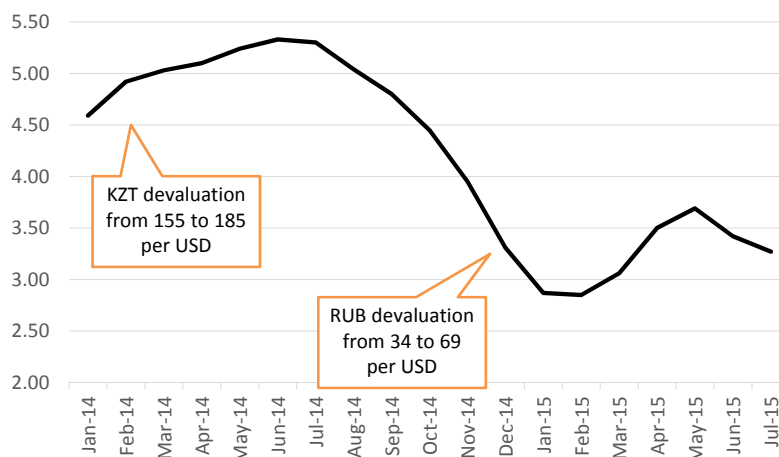
- Problems with TIR convention execution for transit to Kazakhstan through Russian territory
- Stricter control for veterinary certification on imports from Kazakhstan

Source: National Economic Chamber of Kazakhstan "Atameken"



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## Tenge to ruble exchange rate



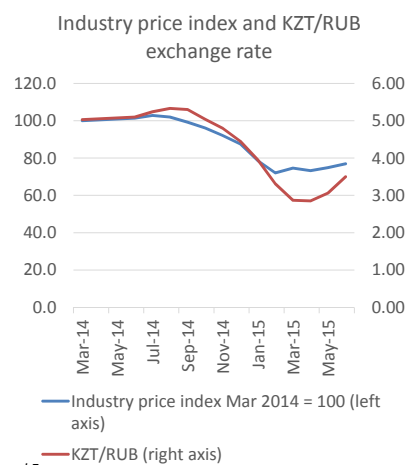
Source: National bank of Kazakhstan, Central bank of Russia



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## Effects of exchange rate disproportion

- Shopping tours to Russia: cars, electronics, furniture and even bread and diapers
- Increased imports and oil price decline pushed domestic prices on industrial products down



Source: National bank of Kazakhstan, Statistics committee of Ministry of National Economy



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## CU intra trade statistics issues

- Statistics and customs are not able to fully trace the intra CU trade
- Difference in statistics led to embarrassing situation on highest level meeting

### Example: 2013 trade statistics comparison (USD million):

Trade flow: from Kazakhstan to Russia				Trade flow: from Russia to Kazakhstan			
	Rus data	Kaz data	KAZ/RUS		Rus data	Kaz data	KAZ/RUS
Crops	256	342	134%	Crops	61	79	129%
Livestock	6	9	152%	Livestock	30	54	178%
Processed	137	170	124%	Processed	1 356	1 523	112%
Other	5 266	5 285	100%	Other	15 771	16 029	102%
<b>Total</b>	<b>5 665</b>	<b>5 807</b>	<b>102%</b>	<b>Total</b>	<b>17 218</b>	<b>17 686</b>	<b>103%</b>

Source: UNComtrade database



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## Change in trade between Russia and Kazakhstan

### Trade statistics, 5 months (USD million):

Imports from Russia			
	2014	2015	2015/14
Crops	32	41	130%
Livestock	16	16	101%
Processed	532	433	81%
Other	4 439	3 934	89%
<b>Total</b>	<b>5 018</b>	<b>4 424</b>	<b>88%</b>

+20 kt of barley and 35 +kt of wheat

522 times beverage water contraction

Exports to Russia			
	2014	2015	2015/14
Crops	71	29	41%
Livestock	4	5	131%
Processed	66	39	58%
Other	1 923	1 782	93%
<b>Total</b>	<b>2 063</b>	<b>1 855</b>	<b>90%</b>

-150 kt wheat and 50 kt of barley

-123 t beef and +900 t pigmeat

-10 kt of milk, -8 kt flour, -8 kt cotton

Source: Statistics committee of Ministry of National Economy



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## Impacts on wheat sector (1)

- Heavy rains and snow during fall 2014 significantly downgraded wheat quality and volume of harvest
- Producers and millers started looking for high/normal quality wheat to blend own low quality wheat



Source: <http://www.time.kz/articles/zlobo/2014/10/29/a-bog-ego-znaet>



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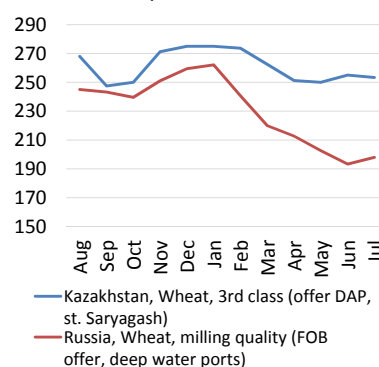
## Impacts on wheat sector (2)

Wheat imports from Russia:

- 60'000 tons officially
- 500'000 tons – Millers association estimate

Presumably, local wheat price were pushed down by Russian imports

Wheat price MY 2015/15



Source: APK-Inform



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## Impacts on food processing industry

Production, 1<sup>st</sup> half of 2015 to 2014:

- poultry: -37%
- vegetable oil and margarine: -21%
- chocolate and confectionary: -20%
- overall food processing: -15%

bordering zone was affected the most (example of Pavlodar)

Source: National Economic Chamber of Kazakhstan "Atameken"



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## Impacts on Kazakhstani economy: anecdotal evidence

- 151 billion rubles sold in Kazakhstan during October 2014 – June 2015 (~2.8 USD bn)
- car imports from Russia: 79'332 in 2014 and 151'085 in first half of 2015

Employment in industry (~1 million jobs):

- 7'900 employees lost jobs in 313 companies (4.8 times more than in 2014)
- 7'112 moved to part-time employment
- 2'051 pushed to unpaid vacation
- 2'039 pushed to half-paid vacation

Source: National Economic Chamber of Kazakhstan "Atameken"



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## Conclusions

- Food imports ban in Russia has little direct effect on Kazakhstani economy.
- Turbulence in Russian economy and controversial decision making in Kazakhstan decreased competitiveness of domestic producers.
- The effect is not reflected at full scale in trade statistics due to measurement issues and, presumably, unwillingness of statistics office to show the inconvenient picture.