

Expert Round Table
Best practices in export promotion:
Experience in Latin America, Eastern Europe and Central Asia
Halle (Saale), 24-25 May 2016

**Export promotion policies and programmes in
Kazakhstan**
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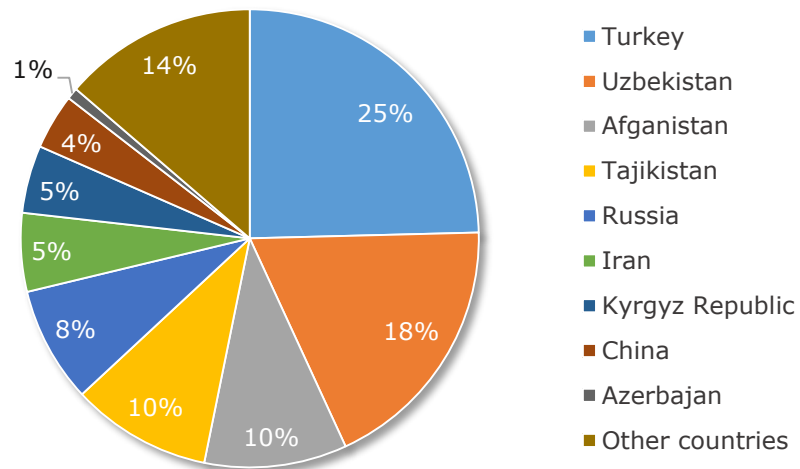
Kazakh Exports

- Agricultural exports consists mainly of grain, flour and oilseeds that form 80% of total agricultural exports
- Turkey, Uzbekistan and Afghanistan are main partners consuming more than 50% of Kazakh agricultural exports

Foreign Trade of Agricultural Commodities



Exports structure, 2015



Export promotion institutions

- There are several institutions designed to assist and support export activities of Kazakh companies

Kazakhstan Development Bank

- Provides credit instruments for export operations

Centre of trade policy development

- Systemic analysis of foreign trade

Chamber of Industry and Commerce

- Development of business contacts with international consumers

KazExportGarant

- Provides insurance services to support export operations

National agency of export and investments “KAZNEX Invest”

- Export development and investments attraction

Centre of Trade Policy Development (CTPD)

- CTPD is a think-tank of the Ministry of Economy that is responsible for analytical maintenance of government decision making.
- It performs regular and on-demand analysis for decision making as:
 - Conditions of FTA membership (CU, WTO)
 - Conditions of bilateral trade agreements
 - Introduction of protection measures (for example, anti-dumping)
 - Customs tariffs and quotas
- CTPD is also responsible for informational support of trade policy development and provides general information about foreign trade conditions and legislation through its web-site.
- It also provides information about Kazakhstan and WTO negotiations, organizes workshops that explains WTO rules and etc.

KazExportGarant JSC is state company providing insurance services for export activities.

For Exporters	Export credit insurance
	Export-trade financing
For Investors	Insurance of Kazakh investments abroad
	Trade financing
For Banks	Documentary letter of credit insurance
	Insurance of bank payment guarantees
	Insurance of bank counter-guarantees
Reinsurance	Reinsurance services on common insurance market

- Export promotion
 - In 2014 KazExportGarant covered 1.4% of total non-primary commodity exports and entered 70 contracts of KZT 7.3 bln total value (particular structure of these contracts is unknown).
 - State Program of Forced Industrial Innovative Development for the period of 2010-2014 declared KazExportGarant as financial operator supporting trade financing and export insurance.
 - Using 1.5 bln government investments under this program during 2010-2014 it serviced 183 contracts of KZT 8.2 bln including KZT 1.8 bln in 2014 with KZT 318.9 mln (18%) of food supply contracts.
- Reinsurance market
 - Reinsurance activity of KazExportGarant provides about KZT 500 mln (~70%) of its revenue.
 - KazExportGarant shared 3.15% of local reinsurance market.

KAZNEX Invest JSC is state company dedicated to assist export development, foreign investments attraction and international cooperation

Organization of trade missions abroad

Organization of participation of Kazakh companies in exhibitions abroad

Promotion of Kazakh trademarks at foreign markets

Promotion of Kazakh exports at “National Sites” in international exhibitions

Promotion of Kazakh exports at humanitarian markets

Public export markets and country analysis

Publication of catalogue of export goods and companies

Publication of digests and manuals for exporters

Foreign trade activity workshops for local entrepreneurs

Organization of training tours abroad for local producers

Compensation of costs related to promotion of goods of local companies at foreign markets

Development of packaging of Kazakhstani goods

Export promotion

Export development

offers 50% subsidy on:

- advertising abroad
- participation in fairs and other events
- product catalogue development and publishing
- abroad office, trade point or storage
- trademark registration and products abroad
- product certification abroad

KAZNEX Invest

- annual average budget: 4.6 KZT billion (14.1 USD million)
- export promotion budget: 1.1 KZT billion (3.3 USD million)
- helped few ag and food product exporters – mainly through fair participation
- no power in solving real issues - VAT refund, document compliance etc

Grain (wheat) Export Subsidies

- Provided to exporters in response to large harvests and low prices in 2009, 2011
- Aimed to compensate railway transport costs through territories of Russia and China
- Administered by the Ministry of Agriculture (CTS in 2009)
- Paid to exporters via Centre of Transportation Services (CTS, subsidiary of KazakhstanTemirZholy) responsible for validation of application documents

	2009	2010	2011	2012
Transportation territory	Russia (transit only) ⁽¹⁾	Russia (transit only) ⁽³⁾	Russia (transit only) ⁽⁴⁾ China (dest/transit) ⁽⁴⁾	Russia (transit only) ⁽⁵⁾ China (dest/transit) ⁽⁵⁾
Valid transportation period	Not specified	Not specified	01.09.11-31.12.11 ⁽⁴⁾	22.03.12-31.07.12 ⁽⁵⁾
Subsidy rate, KZT/tonne	\$20.0 ⁽²⁾	Not specified	6,000.0 ⁽⁴⁾	4,000.0 ⁽⁵⁾
Total budget allocations, KZT'000	5,000,000.0	7,778,866.0	5,000,000.0	20,090,789.0
Actual payouts, KZT'000	5,000,000.0	6,828,288.4	5,000,000.0	20,090,788.9
Estimated amount, '000 tonnes	~1,700.0	N/A	833.3	5,022.7

source:

(1) Article 2 of Government Amendment [#1909](#) of 21.11.2009

(2) KazInform, 2009 (<http://inform.kz/rus/article/2228386>)

(3) Article 158-1 of Government Amendment [#220](#) of 26.02.2009

(4) Article 7 of Subsidy Rules Amended on 15.12.2011 by Government Directive [#1544](#)

(5) Article 7 of Subsidy Rules Amended on 01.02.2012 by Government Directive [#184](#)

OIE Negotiations To Open Livestock Exports

- On May 2015 OIE confirmed “Free from foot-and-mouth disease” status for 9 of 14 regions of Kazakhstan
- On August 2015 Kazakhstan applied for “Free from foot-and-mouth disease” status for 5 other regions
- This status opens perspectives for further negotiations to export livestock products from these regions to OIE member countries



- The Government is developing legislation related to organic production:
 - The law “About Production of Organic Products” of 27.11.2015
 - Rules of registry of producers of organic products of 18.12.2015
 - Rules of production and turnover of organic products (TBD)
 - List of chemicals, acceptable in organic production (TBD)
- Control is performed by:
 - Committee of Sanitary and Epidemiological Control of the Ministry of Healthcare and Social Development
 - Committee of Consumer Rights Protection of the Ministry of Economy (at sales stage)
- Compliance to be assessed against the Law #423-V, rules of production and turnover of organic products and against existing standards according to procedures and rules specified by technical regulation framework

- According to Doing Business 2016 ratings⁽¹⁾ Kazakhstan is on 122 out of 189 countries in Trading Across Borders indicator
- Export operations are much more sophisticated relative to imports and require many requirements to comply

Indicator	Kazakhstan	Europe & Central Asia	OECD high income
Time to export: Border compliance (hours)	133	28	15
Cost to export: Border compliance (USD)	574	219	160
Time to export: Documentary compliance (hours)	132	31	5
Cost to export: Documentary compliance (USD)	430	144	36
Time to import: Border compliance (hours)	2	23	9
Cost to import: Border compliance (USD)	0	202	123
Time to import: Documentary compliance (hours)	6	27	4
Cost to import: Documentary compliance (USD)	0	108	25

source:

(1) *Doing Business 2016* (<http://www.doingbusiness.org/data/exploreeconomies/kazakhstan#trading-across-borders>)

(2) *Export benchmarks are based on HS 72 group (iron and steel)*

Export promotion - private initiative



“Boursak”

- Russian retail chain specialized in products from Kazakhstan
- 4 years history
- 7 grocery stores
- 50 RUB million turnover (0.75 USD million)
- sells products of 30 Kazakhstani companies
- supported by Kazakh embassy in Russia
- not eligible for KAZNEX export promotion subsidies

Linseed VS rapeseed case

While government continued to promote rapeseed production – linseed emerged and took over leading position

Rapeseed and linseed exports, USD million

