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Economic development of Kazakhstan

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ECONOMIC DEVELOPMENT OF KAZAKHSTAN

Semanur Öncü

Abstract

After declaring independence in 1991, Kazakhstan implemented economic reforms under the leadership of President Nazarbayev. These steps included the transition to a free market economy by reducing state intervention in markets, privatizing industries and effectively managing underground resources. As a result, the country's international competitiveness increased. This process has strengthened Kazakhstan's economic growth, supported by the creation of the domestic market and efforts to open up to foreign markets. The study aims to assess the profound impact of the transition to the liberal economic regime on the Kazakh economy and its relationship with macroeconomic balances.

Keywords: Kazakhstan, economy, development

Introduction

Although Kazakhstan has hosted various states throughout its history, the country has undergone major economic changes since its independence. In the post-independence period, the country was in the process of transforming its economy from a centrally planned system to a modern free market model. This transformation was greatly accelerated by Kazakhstan's enormous access to natural resources and their potential, particularly in the energy sector. The country's energy resources, especially oil, uranium and gas, have attracted foreign investors and increased foreign trade revenues.

Kazakhstan has made considerable progress in terms of growth and foreign investment in recent years. It has become the largest economy in Central Asia and has made great strides, particularly in the energy, mining, agriculture and transportation sectors. This has also helped Kazakhstan to become a respected economic and diplomatic player on the international stage. This study will take a closer look at Kazakhstan's economic transformation and growth.

Economic structure of Kazakhstan

The economy of Kazakhstan, which became independent after the collapse of the Soviet Union, went through a period of transition between 1991 and 1996 due to its dependence on Russia. The centralized and planned economic structure of Kazakhstan was interrupted. The stagnation of the economy caused severe damage in some sectors. This post-independence process led to the destruction of trade relations with other Soviet countries, especially Russia, and the collapse of the

Kazakh export market created by the Soviet Union. Kazakhstan took initiatives to increase the efficiency of the economy and become competitive in world markets. Its main policy was to transfer state monopolized assets into the market economy to create private ownership. This created competitive market conditions in many service sectors, including basic consumer goods companies and energy [utilities](#).

in 1992, an independent economic and financial policy was introduced for the first time, leading to price liberalization. This led to price liberalization and uncontrolled price increases due to the high monopoly and lack of competition. With the exception of 1999 and 2009, Kazakhstan has been one of the fastest growing economies in the world from 2008 to the present. During this period, the state has implemented a number of stabilization plans to support the economy. These plans, implemented during the creation of Kazakhstan's economic development model, paved the way for the gradual implementation of reforms. Economic growth and prosperity have been boosted by foreign investment, which has led to a reduction in poverty and an improvement in income [distribution](#).

The country's main economic activities are located in the western part of the country, near the Caspian Sea. However, the majority of the population lives in the central, southern and eastern regions, where trade is intensive.

Table 1: Basic economic indicators (forecasts*)

	2021	2022	2023	2024	2025	2026	2027	2028
GDP (Current Prices billion \$)	197,11	225,53	259,29	290,99	309,38	322,28	336,86	354,67
GDP Growth (Fixed Prices-%)	4,1	3,3	4,6	4,2	4,6	1,8	3,1	3
Per Capita National Income (Current Prices- \$)	10 107	11 409	12 968	14 396	15 146	15 614	16 159	16 845
Consumer Price Inflation (avg, %)	8	15	15	9	6,7	5,8	5,1	5
Ratio of Current Account Balance to GDP (%)	-1,3	3,5	-1,5	-0,7	-0,6	-2,3	-2,7	-2,9
Ratio of Unemployment	4,9	4,9	4,8	4,8	4,8	4,8	4,8	4,8

to Total Labor Force (%)								
Ratio of General Total Debt of the State to GDP (%)	25,1	23,5	23,4	23,6	25,7	28,1	30,1	32,2

Source: <https://www.imf.org/en/Search#q=kazakhstan>

Economic policy

Kazakhstan's economic policy is characterized by the transition from central planning, in which assets are owned by the state, to a market economy in which the private sector is gaining importance. In the first phase of this process, there was a serious decline in production in the post-independence period. Kazakhstan had an economy with low productivity and low [competitiveness](#).

The reforms necessary for a market economy only began in 1994 with a process of privatization, stabilization and foreign [investment](#). The implementation of these necessary reforms took time. However, the president played the most important role in the economic policy process. This is evidenced by the fact that a considerable number of economic policy decisions were issued by presidential [decrees](#).

If we examine the Kazakhstan [2030 strategy](#), we see that many points related to economic policy are emphasized. The Kazakhstan 2030 Strategy includes important issues such as "national security, ensuring and consolidating political stability, attracting foreign investment to the country and ensuring development based on it, improving the health and education of the population, the effective use of energy resources, the development of transport and telecommunications infrastructure".

Sectors

Kazakhstan's economy is mainly based on the export of oil, mining and natural gas. Revenues from these sectors account for more than a third of the country's gross domestic product. However, the economy's heavy dependence on the oil and gas sector prevents the adequate development of other sectors and makes economic diversification [difficult](#).

Against this background, Kazakhstan has taken various measures to promote economic diversification and the development of industrial infrastructure. In particular, former President Nursultan Nazarbayev's "Nurlu Yol Economy Program" aimed to diversify industrialization by moving away from an economic model based on underground resources. In addition to sectors such as the energy industry and the processing of agricultural products, new investments are also being made in sectors such as services, construction and [education](#).

Kazakhstan offers various incentives within the framework of special economic zones to increase sectoral diversity and promote the development of industrial production by transforming the economic structure based on mineral resources. The country's 14 special economic zones support efforts to attract foreign direct investment by offering investors incentives such as tax exemptions and low-interest [loans](#).

Agriculture and Livestock

Kazakhstan is the [9th largest](#) country in the world in terms of area. Kazakhstan has around 76.5 million hectares of agricultural land. Of this agricultural land, [24 million](#) hectares are arable land and 61.1 million hectares are pasture land.

Before independence, agricultural production and livestock farming in Kazakhstan were carried out by collective or state farms, and agricultural inputs and outputs were controlled by the state monopoly. These farms, which used to own 70% of the livestock, left their share to a considerable extent to family farms with the development of private ownership. Since 2000, the sector has developed significantly, although not as strongly as other [sectors](#).

In order to improve the negative situation in agricultural production, the Land Reform Act was passed. With this law, state land was leased from the state to the villagers at a certain price. This situation existed from the Soviet Union until the land reform.

Private land ownership was recognized for the first time in the 1995 constitution. However, it only became legally clear with the Land Act of 2001. The Land Act was then passed in 2003. In it, it was decided to transfer the income from the sale of agricultural land to the National Fund. As a result, agricultural production in Kazakhstan gained in importance with the Virgin Lands Policy, which provided for the conversion of pasture land into [agricultural land](#). In 2005, the Ministry of Agriculture finalized the State Program for Agriculture and Food and prepared a budget program for the development of the agricultural sector to be financed from the central budget over three [years](#).

Agricultural production in Kazakhstan is higher than in other Central Asian countries. Agriculture is one of the most labor-intensive sectors of the Kazakh economy. In 2022, agriculture accounted for 5.25% of Kazakhstan's gross domestic [product](#). The country's focus on agricultural production has contributed to the development of the agri-food industry. The strategies and goals pursued have resulted in the agricultural sector's share of GDP increasing over the years.

Table 2: Agricultural production in Kazakhstan

	1993	1995	2000	2005	2010	2015	2020	2022
Total output								
million tenge	604 6	20891 9	40414 6	74907 8	182207 4	330701 0	633466 9	9481180

million DOLLAR S	1150	3428	2843	5637	12366	14915	15340	20590
Plant growing								
million tenge	3541	107410	223503	389527	895425	1825237	3687310	5808260
million DOLLAR S	674	1762	1573	2931	6077	8232	8929	12613
Share in total	59%	51%	55%	52%	49%	55%	58%	61%
Livestock								
million tenge	1907	91681	178543	355786	920777	1469923	2637461	3658758
Million DOLLAR S	363	1504	1256	2678	6249	6629	6387	7946
Share in total	32%	44%	44%	47%	51%	44%	42%	39%

Source: <https://dergipark.org.tr/tr/download/article-file/3511755>

Kazakhstan's grain production includes wheat, barley, rice, corn, rye, oats and millet; vegetable and fruit production includes potatoes, tomatoes, onions, dried onions, watermelons and melons; and various industrial crops such as sugar beet, linseed, sunflower and [cotton](#).

The infertility of agricultural land on the territory of the country due to global warming and drought prompted the Ministry of Agriculture of the Republic of Kazakhstan to adopt the law "[On Pastures](#)" on February 20, 2017. The aim of the law is to take technical measures to combat drought and desertification, draw up three-year plans for pastureland and return pastureland to productive use.

Livestock farming in Kazakhstan declined during the transition to a market economy after 1991. The farms that suffered from the transition to a market economy tried to pay for their expenses with animals. This disrupted trade and payments and worsened export conditions. In 1991, the number of cattle was 9.5 million and the number of sheep was 34.5 million. Between 1998 and 1999, the number of cattle was below 4 million and the number of sheep below 10 million. In 2016, the number of cattle reached 6.4 million and the number of sheep 18 [million](#).

Industry and mining



The main goal of Kazakhstan's industrial sector is to create a production structure that meets the needs of the market to a high degree and increases the export of products with high added value.

The mining sector is of great importance in the Kazakh economy for meeting the raw material needs of the industrial sector. The main objective of the sector is to increase competitiveness and ensure product diversity. The vast majority of mining products imported by Kazakhstan are processed [products](#).

Kazakhstan's rich uranium deposits have contributed to the development of the country's nuclear industry. According to the International Atomic Energy Agency, 19% of the world's proven uranium reserves are located in Kazakhstan. This situation has increased the competitiveness of Kazakhstan's industry on the world market. The chemical sector, which is part of Kazakhstan's industrial sector, is very important for the supply of raw materials, semi-finished products and materials to Kazakh [industry](#).

With the collapse of production after independence, energy subsidies and the Soviet metal monopolies were highly inefficient. As a result, manufacturing production has shrunk. However, the influx of foreign investment has led to a revival and transformation of the manufacturing sector. Within the industrial sector, metallurgy is the second sector that attracts the most foreign investment. Most of these investments are made by leasing national companies for a certain period of time.

Kazakhstan's industrial production includes sectors such as mining, manufacturing, electricity, gas and steam production and distribution, etc. When explaining Kazakhstan's energy [resources](#), mention is also made of the nuclear industry, which ranks highly among these sectors.

Transportation

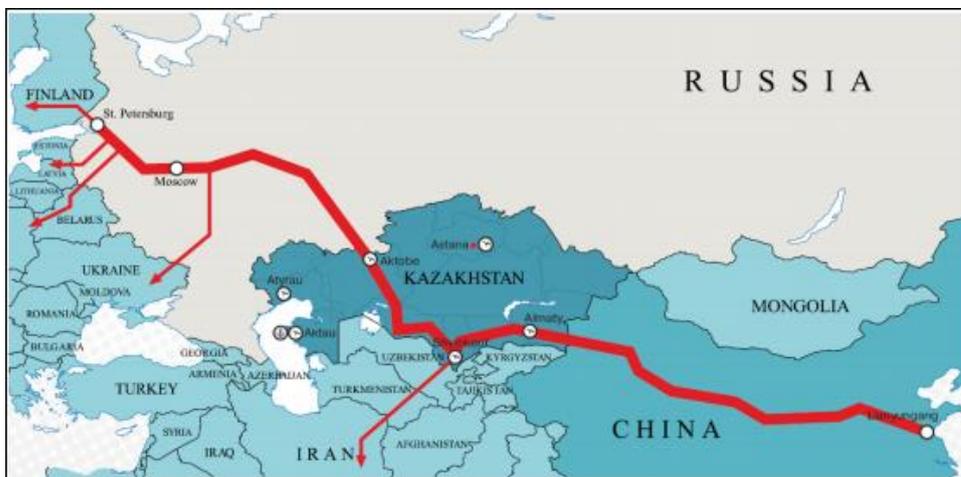
Due to its geographical location, Kazakhstan has an east-west and north-south transit corridor. Kazakhstan's transportation and telecommunications infrastructure is clearly a costly structure given the country's area and population distribution.

Kazakhstan Airlines was founded in [1993](#) and began operations in 1996. Since then, the majority of national air traffic has been handled by Air Astana, a private company. A look at Kazakhstan's railroads shows that Kazakhstan occupies an important place in freight transportation and the country's transport is largely based on rail. The length of the Kazakh railroad network is [14,000 km](#). After 1991, it fell into disrepair due to the interruption in the supply of spare parts imported from Russia and Ukraine. Many attempts have been made to raise funds to upgrade this line. The Kazakh Sea Route offers Kazakhstan, which is surrounded by deserts, access to the open seas via the Black Sea coasts of Russia and Georgia. The most important port in Kazakhstan on the Caspian Sea is the port of Aktau. Goods for Russia, Turkmenistan, Azerbaijan and Iranian ports are loaded from this port.

When we examine road transportation in Kazakhstan, we find that Kazakhstan has a road network of [93,000 km](#). 84.000 km of the road network is paved. Kazakhstan has spent very little on the development of transportation infrastructure. Therefore, the country's road infrastructure and the country's transportation infrastructure need to be improved.

During his visit to Kazakhstan in 2013, Xi Jinping, the leader of the People's Republic of China, mentioned two important projects affecting Kazakhstan. The first of these projects is the "Silk Road Economic Belt" and the "New Silk Road" project, which will create a land corridor connecting Central Asia with the European market. The other is the "[One Belt One Road](#)" project, which aims to connect Central Asia, Europe, the Middle East and Africa, as well as East and Southeast Asia, and will make Kazakhstan a major transit route. Starting from Lianyungang, the corridor will run from Khorgos to Kazakhstan and from there via Almaty, Shymkent and Aktobe to St. Petersburg. The corridor to St. Petersburg is of great economic interest to Kazakhstan. In this context, China has provided financial resources for the expansion of the infrastructure, which will extend over the next 10 years. Kazakhstan is one of the countries in the region where China has made the most foreign direct investment for this project. As a result of this project, there are many investment areas for infrastructure development in [Kazakhstan](#).

Map 1: The Kazakh corridor in China's "One Belt - One Road" project



Source: <https://tez.yok.gov.tr/UlusalTezMerkezi/tezSorguSonucYeni.jsp>

Banks and insurance companies

Kazakhstan's banking system is the most advanced in Central Asia. In the 1990s and early 2000s, the banking and insurance sectors were reformed and a long-term payment plan for short-term debt was introduced under the control of the Central Bank of Kazakhstan. The Financial Supervision Authority is responsible for licensing the commercial banking sector. The National Bank of Kazakhstan (NBK) is in the process of developing the banking system in accordance with international banking standards. The NBK is responsible for the supervision of all banks. New

regulations have been introduced to bring the banking system into line with international [standards](#).

According to the Agency for Regulation and Supervision of Financial Markets and Financial Institutions of the Republic of Kazakhstan (AFK), as of July 1, 2008, thirty-five second-tier banks were operating in Kazakhstan, of which eighteen are banks with foreign participation and foreign capital that are not domiciled in the Republic of Kazakhstan. It was announced that the number of banks is 29. The number of insurance companies operating in the insurance market of the Republic of Kazakhstan is reported to be 39 licensed insurance companies and 12 insurance [intermediaries](#).

Building

The construction sector is largely dependent on the oil sector, and the sector's share of GDP has gradually increased with investment in the oil sector. The construction sector, which had shrunk after independence, has been revived through measures under the local development program.

As a result of privatization initiatives after 1991, real estate prices in Kazakhstan are higher than purchasing power in expensive cities such as Almaty, Atrou and Astana, putting the population in a difficult position. Housing policy has shifted from a state monopoly to the private sector. With the recent increase in consumer purchasing power, real estate investments in the country are more in demand than other investment instruments. The materials used in the country's construction industry are generally imported. The only locally produced construction material is cement. Therefore, a significant amount of construction materials such as cement, steel, etc. are imported into the [country](#).

Thanks to the belt and road construction project, Kazakhstan has become a country that attracts a lot of foreign investment, especially in infrastructure construction, which offers very attractive investment opportunities for the construction sector.

Kazakhstan's foreign trade policy and its place in world trade

Kazakhstan's foreign trade, which fluctuated over a short period of time, underwent a significant change in 1994 with the adoption of the liberalization theory. In accordance with this new system, general import quotas were abolished and import and export taxes were reduced. However, the fact that this import policy was not properly addressed and monitored led to numerous import phenomena in the [country](#).

Although Kazakhstan, like Russia, Kyrgyzstan and Uzbekistan, has extensive and easily overcome border trade advantages, it is obvious that these advantages are not sufficiently reflected in the economy. Unregistered imports generally include consumer goods, with the exception of food and the used car market.

The fact that the country is completely landlocked and has no coastline is one of the main reasons that increase the cost of foreign trade. In addition, the oil and gas



export routes run through Russia and Iran, making these two countries Kazakhstan's main competitors in the energy sector. The fact that Kazakhstan's closest seaports are on the Black Sea coasts of Russia and Georgia has led the country to alternative routes such as Azerbaijan and Turkey, China, Turkmenistan and Iran. However, these alternative routes can be both costly and difficult.

Russian policy towards Kazakhstan since 1997 has been to attract Russian companies to the Kazakh market in order to facilitate the transit of Kazakh oil and strengthen Kazakhstan's role in the energy sector. This policy aims to increase Kazakhstan's importance in the energy sector rather than hindering energy exports. However, this relationship seems to have led to some transitional problems.

Kazakhstan's membership of the Eurasian Economic Union offers investors access to both the Russian market (over 140 million inhabitants) and the Union market (over 180 million inhabitants in total). In addition, Kazakhstan offers access to the market of the Central Asian countries (49 million inhabitants), to the neighboring countries on the Caspian Sea (235 million inhabitants) and to the market of Western [China](#) (21 million inhabitants).

When analyzing Kazakhstan's foreign trade balance in 2022, it becomes clear that the majority of the country's exports consist of basic products such as crude oil, gold, refined copper and copper alloys. Crude oil and petroleum products make up a large proportion of exports, which shows that the country's economic structure is based on the energy sector. On the other hand, the high share of products such as cars, pharmaceuticals, telephone equipment and data processing machines in imports indicates that Kazakhstan has not achieved a certain degree of diversification in the import of consumer goods.

Against this background, the challenges and advantages of Kazakhstan's foreign trade are closely linked to factors such as the country's geographical location, its energy-based economic structure and trade relations with neighboring countries. In the future, Kazakhstan's efforts to increase economic diversification and make foreign trade more sustainable will be important.

Exports

With its current production structure, Kazakhstan is a country that exports raw materials and semi-finished products. Chemicals, machinery, petroleum and petroleum products, ferrous metals, grain, wool, meat and coal are the country's main export products. A significant proportion of the export volume consists of crude oil and petroleum products. Exports of consumer goods are limited. This makes Kazakhstan vulnerable to possible global changes in its foreign trade [balance](#).

Kazakhstan's net exports for the period 2013-2020 reliably reflect actual growth rates - an important benchmark for assessing foreign trade. Since Kazakhstan imports a considerable amount of production equipment, means of production

and intermediate products as part of its industrial production, net exports are an important indicator for assessing production progress. Over the past eight years, Kazakhstan's net exports have been positive, with successful exports of mineral products, metals and metal products. However, negative trade balances are recorded for certain product groups, such as "machinery and equipment" and "chemical industry products," which have the largest negative trade [balance](#).

By the end of 2020, Kazakhstan exported a total of USD 47.5 billion, a decrease of 18.1% compared to 2019 and 43.9% compared to 2013. In the same period, processed goods from the Republic of Kazakhstan generated USD 5.5 billion, which corresponds to 32.5% of the country's total exports. The top 15 commodity supplies increased their share in the nomenclature of foreign trade goods to 77.9%, with oil accounting for 49.9% of total exports. The largest share of the processed export structure of the Republic of Kazakhstan corresponds to intermediate products. Exports of intermediate goods decreased by 3.2% by the end of 2020, while consumer and capital goods increased by 6.1%. From 2013 to 2020, the value of exports per capita decreased by 43.9% and reached 2.6 thousand dollars per capita. The lowest value in this period was recorded in 2016 with 2.1 thousand dollars per [capita](#).

In 2020, the total value of commodity exports reached 32.1 billion dollars, a decrease of 24.0% compared to the previous year and 50.8% compared to 2013. The following commodities recorded the strongest growth and decline in terms of monetary and physical value in the period [2014-2020](#).

The largest increases in value were seen in exports of copper, precious metal ores and concentrates, linseed, barley and sunflower seeds.

The decline in crude oil exports between 2013 and 2020 is primarily due to the fall in prices for hydrocarbon raw materials.

In 2020, crude oil exports were 58.6% or 33.5 billion dollars lower than in 2013 and 29.4% lower than in 2019.

Although physical, oil exports decreased by only 0.2% for 2013-2020 and increased by 0.8% for 2020-2019.

Prices for fuels and energy commodities, especially oil, showed significant volatility. In 2020, Brent oil experienced a significant downturn with an average annual price of USD 41.6 per barrel, a decrease of 35.6% compared to 2019 and a decrease of 61.6% compared to 2013.

Exports of processed goods amounted to USD 5.5 billion in 2020, a decrease of 2.3% compared to 2018 and 20.5% compared to 2013. Raw zinc, motor vehicles, unalloyed semi-finished steel products, cyclic hydrocarbons, wagon parts and cement recorded the strongest growth in exported goods in the period 2013-2020, as they increased in both value and volume.

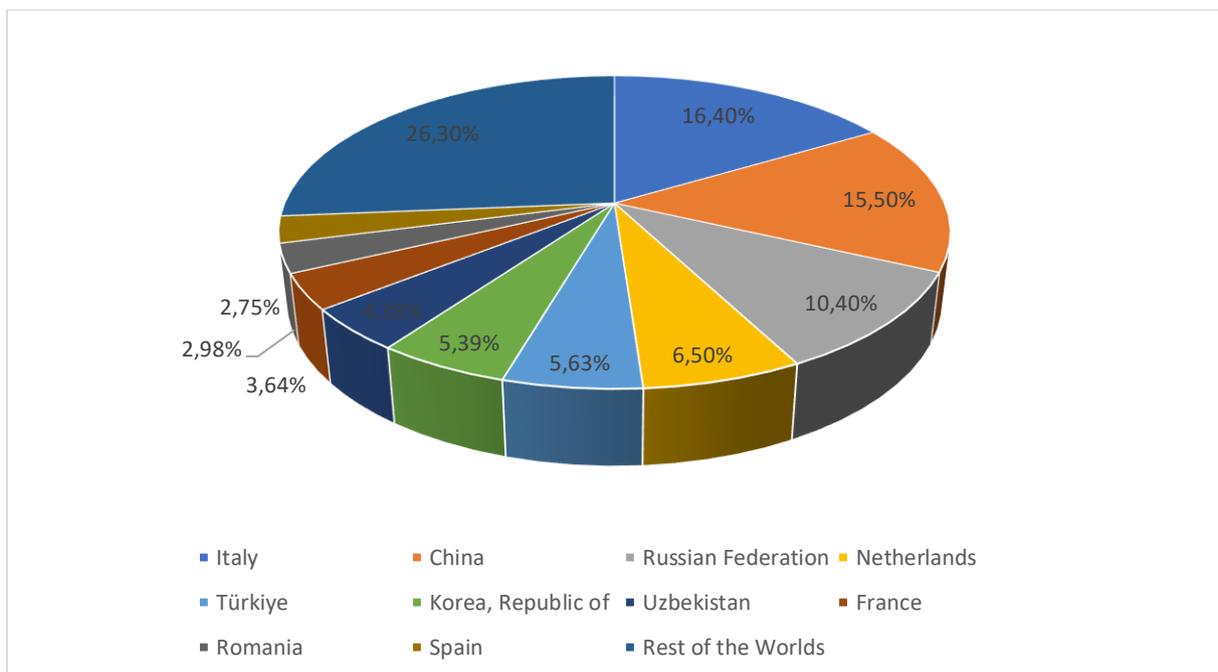
In 2021, Kazakhstan's exports amounted to 60.3 billion dollars, an increase of 28%. Building on this performance, Kazakhstan saw significant progress in trade in 2022, with exports increasing by 43% year-on-year to an impressive 86.1 billion dollars.

The energy sector accounted for 57% of Kazakhstan's exports in 2021, followed by ferrous steel and metal ores. Kazakhstan's growth was largely driven by the strong performance of the energy sector. Moreover, growth in sectors such as ferrous steel and metal ores indicates a diversified trade portfolio. This can help increase Kazakhstan's economic resilience and achieve a more secure position in international trade.

The main countries to which Kazakhstan exports are: Italy, China, the Russian Federation, the Netherlands and Switzerland. Some other countries to which Kazakhstan exports are France, Spain, Uzbekistan, Ukraine and the [United Kingdom](#).

In the first half of 2023, the economy recorded a remarkable growth of 5.1%, driven by a combination of robust exports and strategic fiscal stimulus measures. The increase in Russian immigrants has not only strengthened domestic demand, but also led to a remarkable increase of over 20% (year-on-year) in new business registrations by June 2023. The resilience of the retail sector, with a remarkable 8.8% year-on-year real growth and a concurrent 11.1% increase in car sales over the same period, underlines a strong trend in consumer spending. At the same time, investments experienced a considerable upswing, mainly due to the upward trend in foreign direct investment (FDI). Growth trends were diverse and included sectors such as mining, engineering, base metals and chemicals, reflecting a well-rounded economic [expansion](#).

Diagram 1: Kazakhstan export partners (%)



Source: <https://intracen.org/our-work/regions-and-countries/eastern-europe-and-central-asia/kazakhstan>

Imports

The Kazakh economy is heavily dependent on imports. Most of the country's production is concentrated in the oil and gas sector. This situation has resulted in the production of capital and consumer goods being insufficient to meet domestic consumption and has increased the competitiveness of imported [goods](#).

Kazakhstan has achieved strong momentum in 2022, increasing its imports by 20% to 49.8 billion dollars. In terms of products, machinery, electrical equipment, motor vehicles and iron and steel products are the most important imported goods. These sectors account for 35% of the country's [imports](#).

Another important feature of Kazakhstan's imports is that the import sector is lower in value than the export sector. The main countries to which Kazakhstan exports are: the Russian Federation, China, Germany, the United States, Italy, France, Uzbekistan and [Turkey](#).

Diagram 2.: Kazakhstan imports



Source: <https://tradingeconomics.com/kazakhstan/imports>

Economic zones in Kazakhstan

Each of the special economic zones established in Kazakhstan consists of 10 special economic zones created for the development of a different specialized sector. These are the following regions:

1. Astana – New City, Astana City;
2. Aktau seaport, Mangistau region;
3. Innovation Technologies Park, Almaty region;
4. Ontustyk, South Kazakhstan region;
5. National Petrochemical Industrial Park, Atyrau region;

6. Burabay, Akmola region;
7. Saryarka, Karaganda region;
8. Pavlodar, Pavlodar region;
9. Khorgos – Eastern Gate, Almaty region;
10. Taraz Chemical Park, Zhambyl region

The energy policy of Kazakhstan

A country's wealth of natural resources makes it attractive on the world market. It creates an environment that encourages international companies to invest in the country. Kazakhstan has an area of natural resources of around [3 million km²](#). The country has numerous rich energy resources and mineral deposits. These resources account for 2/3 of Kazakhstan's budget revenues.

Kazakhstan's proven oil reserves amount to around 30 billion barrels. At the same time, the country ranks [11th in the world](#) in terms of natural gas reserves and has proven reserves of around 3 trillion cubic meters. In terms of oil, it is the largest producer in Central Asia. Kazakhstan also ranks 19th in the world in terms of gas reserves and has oil, natural gas, coal and uranium reserves. It is one of the leading energy producers in the Commonwealth of Independent States (CIS). Kazakhstan is not only a major producer of oil, natural gas and coal, but also the world's largest producer and exporter of [uranium ore](#).

Kazakhstan's energy resources are mainly located in the west of the country, particularly in the Caspian Sea region. There are around 223 oil and 58 natural gas deposits in this area. Two of the country's three largest oil fields are located inland: Tengiz (proven oil reserves of 9 billion barrels) and Karachaganak (proven oil reserves of 2.5 billion barrels). The other large field, Kashagan, is located on the seabed and contains 13 billion barrels of oil reserves, about half of the country's energy [reserves](#).

Kazakhstan is an important country in terms of coal reserves as well as oil and natural gas resources. It ranks [10th in the world](#) in terms of reserves, with rich coal deposits located mainly in the Karaganda, Ekibastus and Turgai regions of the country. These regions account for 90% of the country's [reserves](#).

Another energy resource is uranium. The amount of uranium produced worldwide in 2022 was estimated at 49 thousand 355 tons. In this context, Kazakhstan is the largest supplier of uranium in the world. With its production of 21 thousand 227 tons in 2022, Kazakhstan alone covers 43% of the world's uranium supply. This success underlines the country's capabilities in the uranium industry and its prominent role in the global uranium market.

Table 3: World ranking and production values of some minerals and raw materials in Kazakhstan in terms of reserves and production

Minerals and Raw Materials	World Reserve Rankings	World Production Rankings	World production %
Tungsten	1	-	-
Uranium	2	1	36,6
Chromium	2	3	16,2
Manganese	4	8	2,7
Silver	4	10	3,6
Bullet	5	11	0,7
Zinc	5	8	2,5
Coal	8	8	1,6
Bauxite	10	8	1,7
Titanium	10	19	0,4
Tin	10	-	-
iron ore	11	13	1,0
Copper	12	11	2,6
Gold	15	21	1,7

Source: <https://tez.yok.gov.tr/UlusalTezMerkezi/tezSorguSonucYeni.jsp>

Economic growth

In the post-Soviet period, the sluggish structural transformation of the Kazakh economy was primarily due to its dependence on raw materials. From 2000 to 2007, economic growth averaged 7.0% due to the increase in oil reserves. From 2010

to 2014, however, there were qualitative changes in the composition of GDP. The share of the service sector rose from 51.7% in 2010 to 57.8% in 2014, while the share of manufacturing increased from [11.3% to 11.8%](#).

Since 2014, global economic changes have impacted Kazakhstan, resulting in annual economic growth of 1.1-1.2% in 2015-2016. Although structural GDP growth made a positive contribution during this period, negative effects due to global economic dynamics and oil prices were also [observed](#).

While GDP growth rates have been consistently positive since 1999, the pandemic led to a 2.6% decline in economic growth in 2020. In the years 2000-2007, the average annual growth rate was 10%, but then slowed to 4-5%. GDP per capita increased 13-fold in dollar terms and 720-fold in local currency terms during the years of [independence](#).

The Kazakh economy has made a remarkable recovery from the consequences of the COVID-19 pandemic, increasing GDP by more than 4%. In 2022, the growth rate was 3.3%, with the slowdown during this period mainly caused by regional [challenges](#).

GDP growth of 4.6% is expected for 2023. The authorities are focusing on comprehensive social support and stabilizing inflation to regulate the prices of essential goods. Privatization plans are expected to continue, although progress may vary due to the uncertain geopolitical and macroeconomic [environment](#).

Conclusion

Kazakhstan's foreign trade activities are very diverse today. Kazakhstan is pursuing an active foreign trade policy in order to strengthen its economy on the international stage. However, more intensive efforts are needed to increase trade with these countries, as the EAEU (Eurasian Economic Union), of which it has been a member since 2015, accounts for only 27.8% of its trade.

In the period 2012-2020, Kazakhstan's foreign trade dynamics were quite sensitive to changes in the global price environment. In particular, the volatility of commodity prices affected the value of the country's foreign trade. In 2015, trade fell by 36.6%, mainly due to factors such as the decline in commodity prices and the devaluation of the national currency.

Kazakhstan's trade balance was positive, mainly due to exports of energy and mineral resources. However, this is seen as a potential threat in the long term due to the high volatility of commodity prices.

It should be noted that global trade faced challenges in 2020 due to the COVID-19 pandemic. Border closures and supply chain disruptions affected trade in many countries. GDP recovered from the coronavirus pandemic and grew by more than 4%. In 2022, growth amounted to 3.3%. GDP growth of 4.6% is expected for 2023.

In order for Kazakhstan to diversify its foreign trade, it is important to increase technological investment, strengthen international cooperation and, above all,



encourage foreign capital. In addition, various reforms to improve infrastructure and adapt to global economic changes must be continued.

To summarize, diversifying Kazakhstan's foreign trade and pursuing a sustainable economic policy are important steps to increase the country's future economic resilience.