Kazakhstan and the EU

These pages provide information about relations between the EU and Kazakhstan in areas such as political cooperation, the economy and trade, development cooperation and civil society.

Political relations

The European Union and Kazakhstan have been partners since the country's independence, sharing a dialogue which has continually expanded. In the early years of cooperation this dialogue initially focused on trade and investment, but since 2002 many important issues have been included, such as Energy, Transport, as well as Justice, Home Affairs and political dialogue in issues of common concern.

The main document, underpinning the EU partnership with Kazakhstan, is the Partnership and Cooperation Agreement (PCA), which was signed in 1995 and came into force in 1999.

At the regional level, Kazakhstan is a priority country within the European Union and Central Asia: Strategy for a New Partnership. In June 2012, the European Council and the European Commission published their Joint Progress Report on the implementation of the EU Central Asia Strategy.

The launch of the negotiations for a new enhanced Partnership and Cooperation Agreement (EPCA) between the EU and Kazakhstan took place on 27 June 2011 in Brussels.

Since 2011, 8 rounds of negotiations on EPCA between the European Union and Kazakhstan have been held. On 9 October 2014 the signing ceremony of the Protocol on completion of negotiations on EPCA between the EU and Kazakhstan took place in Brussels in presence of the European Commission President J.M. Barroso and the President of Kazakhstan N.A. Nazarbayev.

On 20 January 2015 the EU-Kazakhstan Enhanced Partnership and Cooperation Agreement was initialed in Brussels.

On 21 December 2015 the EPCA was signed in Nur-Sultan.

The EPCA is an important milestone to further advance relations and strengthen the EU and its Member States’ cooperation with Kazakhstan.
Economic and trade relations

The European Union (EU) and Kazakhstan have established a close economic and trade partnership. The EU is Kazakhstan's first trade partner (representing a third of the country total trade in 2015) and the largest investor.

The Enhanced Partnership and Cooperation Agreement (EPCA) regulate trade and economic relations between the EU and Kazakhstan.

The High Representative of the European Union for Foreign Affairs and Security Policy/Vice-President of the European Commission Federica Mogherini and the Foreign Minister of the Republic of Kazakhstan Erlan Idrissov signed the Agreement on 21 December 2015 in Nur-Sultan.

With limited exceptions, the majority of the Trade and Business chapters of the EPCA provisionally entered into force on May 1, 2016.

The EPCA Trade and Business provisions will facilitate trade and investment relations.

This is to be achieved by strengthening cooperation and ensuring a better regulatory environment for EU and Kazakhstan's companies in areas such as:

- trade in services
- establishment and operation of companies
- capital movements
- raw materials and energy
- government procurement
- intellectual property rights.

Kazakhstan acceded to the World Trade Organisation (WTO) on 30 November 2015.

The EU has consistently supported Kazakhstan's accession, which can help the country to integrate into the world economy, by applying international trade rules and norms.

High-level discussions

Economic and trade relations have regularly been on the agenda of the annual Cooperation Council of the EU and Kazakhstan, underlining their key importance in the partnership.

Technical discussions on trade, investment and customs matters also regularly take place in the Cooperation Committee and dedicated Sub-Committees, in Brussels and Nur-Sultan.

More information on trade and investment:

- The EU is Kazakhstan's first trading partner, accounting for 33.7% of the total trade in goods in the country in 2015 and by far its largest export market (almost half of total Kazakhstan's exports go to the EU).

  In the same year, EU exports of goods to Kazakhstan were worth EUR 6.8 billion, while imports from Kazakhstan amounted to EUR 14.7 billion.

- EU imports from Kazakhstan are dominated by energy (minerals, fuels) products (87.7% in 2015).
The main EU exports to Kazakhstan include machinery and transport equipment, other manufactured goods and chemicals.

In 2014, EU services exported to Kazakhstan were worth EUR 2.3 billion, while imports from Kazakhstan amounted to EUR 1.2 billion.

The European Union remains the largest investor in Kazakhstan.

- During 2000-2014, gross EU investment totaled around USD 106 billion.
- According to the National Bank of Kazakhstan, in 2014 total Foreign Direct Investment (FDI) inflow to Kazakhstan was USD 23.9 billion. The EU accounted for 45% (USD 10.7 billion).
- EU FDI stocks in 2014 were EUR 41.5 billion.

Energy relations

Kazakhstan's economy is largely based on its oil sector, as well as on extraction of coal and uranium, and other important raw materials.

- Over the past two decades, the European Union and Republic of Kazakhstan have developed a strong and mutually beneficial relation in the field of energy. Major EU-based energy companies have significant investments in the Kazakh oil and gas industry. Currently, around 70% of Kazakhstan oil exports go to the European Union, corresponding to almost 6% of the EU total oil imports. On the other hand, Kazakh national oil and gas company KMG controls important EU-based assets for refining, trading and retail in South-Eastern Europe and countries of the Eastern Partnership.
- Kazakhstan has very large reserves of uranium and ranks first in the world in terms of production and export of raw uranium. It is the single largest supplier to EU nuclear energy industry (1/4 of imports).

With increasing production and export towards Europe, Kazakhstan contributes towards diversification of energy sources for the EU, thus strengthening EU energy security.

EU – Kazakhstan energy cooperation framework

Kazakhstan’s increasing role in the EU energy landscape is supported by a well-developed legal and institutional framework of bilateral cooperation in the field of energy.

- The Enhanced Partnership and Cooperation Agreement between the European Union and Kazakhstan, concluded in 2015, recognizes the need for enhanced, sustainable and effective cooperation in the field of energy, to ensure energy security, based on principles of mutual interest, reciprocity, transparency and predictability. There are specific provisions on mutual investment, scientific and technical cooperation and exchange of information on energy efficient and environmentally-friendly technologies, joint training programs in energy sector etc. Regarding the hydrocarbon sector, the Agreement aims at creating conditions for to the development of energy infrastructure and energy markets, as well as strengthening energy trade and promoting a high level of environmental protection, including with respect to offshore hydrocarbon exploration.
- More practical aspects of the EU – Kazakhstan energy relations are being addressed in the
framework of the Memorandum of Understanding on Energy Cooperation, concluded in 2006, which covers topics such as energy security and investment; increasing security of supply, predictability of demand; construction / upgrading transportation infrastructure of mutual interest, promotion of industrial cooperation (upstream and downstream) etc.

- There are also several co-operation agreements in the field of nuclear energy, on general aspects related to the peaceful use of this type of energy, but also addressing specific areas, such as nuclear safety and nuclear fusion.

Periodic meetings are organized between EU and Kazakh officials, to discuss implementation of the respective agreements.

**Participation of Kazakhstan in EU-sponsored energy-related programs and initiatives**

- EU has provided high-level political and significant financial support to the creation in Kazakhstan of the Low-Enriched Uranium Bank (LEUB), owned and controlled by the International Atomic Energy Agency, but operated by the Government of Kazakhstan, under its own legislation, in accordance with IAEA safety standards and security guidance. The bank is intended to assure countries with peaceful nuclear programs of a ready supply of LEU in case they cannot access it on the commercial market or otherwise.
- The EU and Kazakhstan are partners in the Energy Charter, Treaty Kazakhstan was also a beneficiary of the INOGATE program of technical support for the creation of competitive energy markets, promotion of renewables and efficient use of energy.

**Development cooperation**

Within the framework of the Enhanced Partnership and Cooperation Agreement, Kazakhstan is eligible to receive financial and technical assistance from the EU through a set of legal instruments. For 2014-2020, this includes the Development and Cooperation Instrument (DCI), the European Instrument for Democracy and Human Rights (EIDHR), the Instrument contributing to Stability and Peace (IcSP), the Nuclear Safety Instrument, the Partnership Instrument and education support and exchange through the ERASMUS + Programme (merging the former ERASMUS and TEMPUS Programmes).

DCI remains the most significant instrument of EU cooperation with Kazakhstan. Under this instrument, Kazakhstan benefited from bilateral assistance until it graduated as a middle income country. As a result, there are no new bilateral actions under DCI in Kazakhstan since 2014, but the country remains fully eligible to participate to the DCI Regional Programme for Central Asia 2014-2020, which foresees actions of regional focus within the five countries of Central Asia with an indicative total budget of EUR 245 million.

**Human rights and civil society dialogue**

The dialogue with Civil Society Organisations (CSO) in Kazakhstan takes place on a broad range of topics and in various formats along the priorities for EU intervention as envisaged in the EU Country
Roadmap for Engagement with Civil Society.

The EU renders support towards the further consolidation of the civil society and the development of its role along three main directions:

- Promoting the respect for human rights and the rule of law;
- Promoting good governance, accountability and independent judiciary;
- Enhancing social development, promotion of better education for marginalised groups and inclusive growth in full respect of the environment.

The ongoing support is provided through the European Instrument for Democracy and Human Rights (EIDHR) and the Non-State Actors – Local Authorities (NSA-LA) Programme of the Development Cooperation Instrument (DCI).

EIDHR is a financial and policy instrument designed to contribute to the development and consolidation of democracy and the rule of law, as well as respect of all human rights and fundamental freedoms worldwide. In pursuing this aim, EIDHR puts a strong emphasis on the role of CSOs and offers independence of action, which is a critical feature of cooperation with CSOs at national level. Through this, EIDHR seeks to focus on sensitive political issues and innovative approaches.

The NSA-LA Programme has been ongoing since 2007. It is an actor-oriented programme aimed at capacity building through support to initiatives proposed by non-state actors and local authorities promoting inclusive and sustainable growth as well as social service delivery.

A recent Mapping Study of Civil Society Organisations in Kazakhstan commissioned by the Delegation identifies the main CSO actors active in four thematic areas (human rights and rule of law, social development, sustainable environment, good governance) and also highlights the main challenges met by CSOs operating in the country.

Annual Report on Human Rights and Democracy in the World in 2018
Annual Report on Human Rights and Democracy in the World in 2018 (country reports)
EU Guidelines on Human Rights Defenders

Humanitarian aid

Kazakhstan, as other countries in Central Asia, is exposed to all kinds of natural disasters, particularly earthquakes and floods. The country experiences extreme seasonal changes, with harsh and long winters as well as hot summers that impact negatively on livelihoods, crops and livestock. In recent years, the raising temperatures due to climate change have been exacerbating the impact of climate-related disasters.

Eastern Kazakhstan – including Almaty city - is particularly vulnerable to earthquakes, and due to the mountainous terrain, landslides, mudslides, and avalanches are also a risk. Over the period of 2010-2015, 4 devastating floods happened in Kazakhstan’s central and eastern parts, killing more than 50 people and affecting around 70,000 more.
How are we helping?

Since 2007, the European Civil Protection and Humanitarian Aid Operations (ECHO) has been continuously supporting Kazakhstan through its international disaster preparedness programme popularly known as DIPECHO, focussing on community based preparedness, and working with the Committee of Emergency Situations under the Ministry of Internal Affairs, as well as partners from the NGO community, United Nations family, and the Red Cross and Crescent Societies. To date, DIPECHO funding for Kazakhstan amounts to 3,7 million EURO.

Within its DIPECHO programme, ECHO contributes to the promotion of DRR agenda across the country, working closely with Kazakh national and local authorities in order to increase awareness, preparedness and response capacities of both communities and government institutions.

As part of the current DIPECHO IX cycle (2015-2016), ECHO funds 3 projects in Kazakhstan, for a total of 267, 500 EUR. The projects focus on consolidation and institutionalization of past achievements in the area of DRR as well as following an integrated DRR Resilience approach and strengthening DRR capacities of the governments in Central Asia, with a particular focus on Kazakhstan.

Kazakhstan has been active in efforts to create the Center for Emergency Situations and Disaster Risk Reduction (CESDRR) which is operational since January 2016 and based in Almaty. ECHO formerly supported the establishment of the CESDRR and will intervene in further facilitation of its work, focusing among other things on strengthening effective regional DRR cooperation in Central Asia.

Finally, in the period 2013-2015 ECHO contributed several times to the International Federation of the Red Cross and Red Crescent (IFRC) Disaster Relief Emergency Fund (DREF), delivering urgent assistance to communities affected by adverse weather conditions, floods and mudflows in different parts of the country.

Documents

The European Union and the Republic of Kazakhstan Partnership and Cooperation Agreement
Enhanced Partnership and Cooperation Agreement between the European Union and Kazakhstan

See also

Factsheet on EU-Kazakhstan relations
EU Strategic Framework on Human Rights and Democracy
A mapping study of civil society organisations in Kazakhstan
EU Country Roadmap for engagement with civil society 2014-2017
EU Country Roadmap for engagement with civil society 2018-2020
EU Human Rights Guidelines on Freedom of Expression Online and Offline
Why Europe's new international public procurement instrument will open markets world wide
The National Bank of Kazakhstan
The EU Export Helpdesk
Eurostat
EU Import-Export Rules
European Business Association of Kazakhstan (EUROBAK)
EU trade policy
www.eeas.europa.eu

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