



EU – KAZAKHSTAN RELATIONS

The **Enhanced Partnership and Cooperation Agreement** between the European Union and Kazakhstan entered into force on 1 March 2020. This new agreement, which constitutes the first of its kind signed by the EU with one of its Central Asian partners, provides a comprehensive framework within which bilateral relations are conducted and has elevated relations between the EU and Kazakhstan to a new level.

The **EU Strategy on Central Asia** provides the overall framework for regional engagement. The Strategy, which focuses on resilience and prosperity, should support, amongst other priorities, Kazakhstan's transition to a green economy and the diversification of its economy.

RELATIONS TAKEN TO A NEW LEVEL

The Enhanced Partnership and Cooperation Agreement (EPCA) is the legal basis for EU-Kazakhstan relations, providing a broad framework for **reinforced political dialogue, comprehensive sectoral cooperation, and promoting mutual trade and investment**. It enables concrete cooperation in 29 other key policy areas, including in the sectors of:

- ◇ justice and home affairs;
- ◇ economic and financial cooperation;
- ◇ energy and transport;
- ◇ environment and climate change;
- ◇ employment and social affairs;
- ◇ culture, education and research.

Specific cooperation on civil society allows for more meetings and consultations with Kazakhstan on the role of civil society, and encourages its active participation in economic, social and political cooperation. A dedicated, **annual human rights dialogue** addresses issues related to the promotion and protection of human rights in Kazakhstan, and specific concerns raised by civil society are discussed.


EU – THE MAIN TRADE PARTNER FOR KAZAKHSTAN

The EU is by far Kazakhstan's **most significant trade partner**, representing 40% of its external trade. Kazakhstan's exports to the EU are almost entirely in the oil and gas sectors, alongside minerals, chemicals and food products.


From the EU, Kazakhstan imports machinery (40% of all imports), transport equipment, and pharmaceuticals, alongside chemical products, plastics, medical devices and furniture.

In 2020, total EU trade with Kazakhstan reached €18.6 billion. EU exports to Kazakhstan reached €6 billion and imports from Kazakhstan reached €12.6 billion. The EU is by far Kazakhstan's **first trading partner** overall, representing 41% of total Kazakh exports. Kazakhstan has benefited from strong foreign direct investment (FDI) flows in recent years, largely due to its oil and gas sector. In 2019, total EU FDI outward stock represented €63.9 billion.


Enhanced
Partnership and Cooperation
Agreement for:



**POLITICAL
DIALOGUE**



**SECTORAL
COOPERATION**



**TRADE AND
INVESTMENT**

The Enhanced Partnership and Cooperation Agreement aims at creating a **better regulatory environment** for businesses in areas such as trade in services, establishment and operation of companies, capital movements, raw materials, energy, and intellectual property rights. It is a tool of regulatory convergence between Kazakhstan and the EU, with some “WTO plus” provisions, notably on public procurement.

From a broader perspective, **enhanced EU-Asia connectivity** is crucial to Kazakhstan. In this context, a level playing field for business is key, notably by enhancing transparency of public procurement in infrastructure, including through accession to the WTO Government Procurement Agreement (GPA) and the adoption of GPA standards.

FROM ASSISTANCE TO A NEW PARTNERSHIP

The European Union has supported Kazakhstan’s development since the country’s independence in 1991. During this period, **over 350 bilateral projects amounting to some €185 million** have been funded by the EU, notably focused on:

- ◇ strengthening the capacity of regional and local government and civil society;
- ◇ supporting reform of the justice sector;
- ◇ improving the capacity of the public sector to introduce social and economic reforms.

Today, Kazakhstan benefits from several regional programmes. This includes:

- ◇ **the EU-Central Asia Rule of Law programme;**
- ◇ **Central Asia Invest;**
- ◇ **International Trade in Central Asia;**
- ◇ **SWITCH Asia.**

The cooperation between the EU and Kazakhstan also benefits from EU-funded programmes promoting:

- ◇ the EU-Central Asia policy dialogue on water, environment and climate change (WECOOP);
- ◇ the Central Asia Water and Energy Programme (CAWEP);
- ◇ a programme for Strengthening Financial resilience and Accelerating Risk Reduction.

OTHER FORMS OF THE EU COOPERATION WITH KAZAKHSTAN

The EU supports Kazakhstan’s **ongoing legal reforms** and the **promotion of human rights** offering experience and know-how in particular through financial and technical cooperation and specific projects funded under the **European Instrument for Democracy and Human Rights (EIDHR)**.

With a budget of €1 million per year, the EU finances a variety of projects in Kazakhstan that focus on encouraging a pluralistic political system while strengthening the role of civil society.

Kazakhstan also benefits from **Erasmus+**, supporting mobility of students and academic staff and capacity building projects. Over the 2014-2020 period, Kazakh students and institutions were the major beneficiaries of this regional funding with 56% of the mobility, enabling some **3,300 students and staff** to go to Europe and host over **1,500 Europeans in Kazakh institutions**.

350 projects
Amounting to
€185 million to:

		
SUPPORT REFORM OF THE JUSTICE SECTOR	STRENGTHEN THE CAPACITY OF REGIONAL AND LOCAL GOVERNMENT	SUPPORT SOCIAL AND ECONOMIC REFORMS

Additionally, **220 Kazakh master students** have received a scholarship to complete a joint master programme in Europe. Capacity building projects for universities continue to be very popular in Kazakhstan, which participates in 61 of the 99 projects funded in Central Asia. Selected projects – based on regional partnerships on the Central Asian and European sides – address curriculum development and modernisation, including:

- ♦ new teaching and learning practices, improving university governance;
- ♦ creating better links between higher education and the world of work.

Kazakhstan is a member of the **European Higher Education Area** and is taking the initiative to set up a Central Asian Higher Education Area. The EU's regional funding for Central Asia in the 2021-27 period includes €75.7 million for the Erasmus+ programme to fund mobility and cooperation projects to start in 2022.

In 2019, in response to a proposal from the Kazakh Government, the EU launched a €2 million programme, implemented by UNDP in collaboration with UN Women, to **support the economic empowerment of Afghan women** through education and training in Kazakhstan and Uzbekistan.

This action aims to build resilience and support the socio-economic empowerment of Afghan women through education and training in Kazakhstan and Uzbekistan. This first **trilateral cooperation programme** between the EU, Afghanistan and Central Asia (Kazakhstan and Uzbekistan) adds a new dimension to the development cooperation between the EU and Kazakhstan. A top-up of the programme (Phase 2) was approved in November 2020 with **an additional funding of €4 million, and includes Kyrgyzstan as a host country.**

EU programming in Central Asia for the period 2021-2027 through the new **Neighbourhood, Development and International Cooperation Instrument (NDICI) or Global Europe Instrument** will provide funding for a Multi-annual Indicative Programme (MIP) with Kazakhstan. As Kazakhstan is an Upper Middle-Income country, this MIP is limited to a cooperation facility, which will support the implementation of the EPCA focusing on two priority areas: Sustainable Economic Growth and Rule of Law. The objectives of these areas are:

- ♦ **Sustainable Economic Growth:** to promote a more diverse, green and circular economy, through investments and support to a greener, more digital and more inclusive private sector. In particular, it will support Micro-, Small and Medium-Sized Enterprises (MSMEs). Women- and youth-led MSMEs will benefit from targeted support.
- ♦ **Rule of Law:** to support the strengthening of the legal framework and institutions in place to ensure the respect of human rights and justice for all.

RESPONSE TO COVID-19

The EU and its Member States have mobilised **€123 million for Central Asia**. In July 2020, the EU launched a €3 million Central Asia COVID-19 Crisis Response Solidarity Programme, with a primary focus on Kazakhstan and Turkmenistan.

The programme, implemented by the World Health Organisation, has provided support through training of key health professionals, development of vaccination systems and provision and dissemination of information to mitigate the current outbreak of the pandemic and contribute towards longer-term resilience of the national health systems. A successor programme under the NDICI will cover all five countries in the region with a focus on support to vaccination processes and immunisation systems with a view to future-proving health systems.