



EU – KAZAKHSTAN RELATIONS

The European Union and Kazakhstan signed an **Enhanced Partnership and Cooperation Agreement (EPCA)** in Astana on 21 December 2015. This new agreement, which constitutes the first of its kind signed by the EU with one of its Central Asian partners, elevates relations between the EU and Kazakhstan to a new level. The provisional application of the EPCA started on 1st May 2016. The new Agreement, once ratified by all 28 Member States, will replace the Partnership and Cooperation Agreement (PCA) in force since 1999. To date, 23 EU Member States, the European Parliament and Kazakhstan have already ratified the EPCA.

RELATIONS TAKEN TO A NEW LEVEL

The EPCA creates an enhanced legal basis for EU-Kazakhstan relations, providing a broad framework for **reinforced political dialogue, cooperation in justice and home affairs among other sectors, and promoting mutual trade and investment**. It will also enhance concrete cooperation in other 29 key policy areas, including in the sectors of economic and financial cooperation, energy, transport, environment and climate change, employment and social affairs, culture, education and research. Specific cooperation on **civil society** will also allow more meetings and consultations with Kazakhstan on the role of civil society, and notably encourage its active participation in the economic, social and political cooperation areas.

EU – THE MAIN TRADE PARTNER FOR KAZAKHSTAN

The EU is Kazakhstan's **first trade partner** representing over one third of its external trade. Kazakhstan's exports to the EU are almost entirely in the oil and gas sectors, alongside other minerals, chemicals and food products. From the EU, Kazakhstan imports machinery, transport equipment and pharmaceuticals, alongside chemical products, plastics, medical devices and furniture. Exports from Kazakhstan to the EU totalled €17.6 billion and the import volume from the EU to Kazakhstan €5.1 billion in 2017. **The EU is also the first foreign investor** in Kazakhstan, representing 58% of Foreign Direct Investment in Kazakhstan and around 50% of annual flows.

The EPCA 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 and energy, 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

Support from the European Union has been important to Kazakhstan's development since the country's independence in 1991. Over 350 **projects amounting to €180 million** have been funded by the EU, notably focusing on: (a) strengthening the capacity of **regional and local government**; (b) supporting reform of the **justice sector**; and (c) improving the capacity of the public sector to introduce **social and economic reforms**.

Two EU flagship programmes have been recently implemented:

- ◇ *Supporting Kazakhstan's transition to a Green Economy Model (2015 - 2018, €7.1 million):* contributes to the long-term sustainable economic development of Kazakhstan.
- ◇ *Support to Judicial Reform in Kazakhstan (2015-2018, €5.5 million):* supports the implementation of the national policy of humanisation of the justice system.

In the medium to long term the EU's development cooperation with Kazakhstan will focus more on investments, growth and private sector development. The country will continue to benefit from regional programmes such as Central Asia Invest, SWITCH Asia and the Investment Facility for Central Asia, contributions to investments and technical assistance co-funded by loans from European Financial Institutions. Global EU programmes in support of Human Rights promotion (EIDHR), Civil Society Organisations and ERASMUS+ will also continue to be available for Kazakhstan.

The cooperation will also benefit from Kazakhstan's participation in EU funded regional platforms for EU-Central Asia policy dialogue on education, the rule of law and environment, climate change and water.

OTHER FORMS OF EU COOPERATION WITH KAZAKHSTAN

The EU also supports Kazakhstan's ongoing legal reforms, 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**. 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 a number of instruments and programmes:

- ◇ The **Instrument for Nuclear Safety Cooperation** which promotes a high level of nuclear safety, radiation protection, and the application of efficient and effective safeguards of nuclear material in third countries;
- ◇ The **Instrument contributing to Stability and Peace** focusing on crisis response, crisis preparedness and conflict prevention;
- ◇ The **Renewable Energy /Energy Efficiency** programme promoting renewable energy, energy saving and energy efficiency in the countries of Central Asia;
- ◇ The Central Asia Invest programme, which aims to promote the sustainable economic development of the Central Asian Countries by encouraging the **development of Small**

350 projects
implemented since 1991 worth of
€180 million to:



SUPPORT REFORM OF THE JUSTICE SECTOR



STRENGTHEN THE CAPACITY OF REGIONAL AND LOCAL GOVERNMENT



SUPPORT SOCIAL AND ECONOMIC REFORMS



and Medium Enterprises;

- ◇ The **Border Management Programme in Central Asia (BOMCA)** and the **Central Asia Drug Action Programme (CADAP)**;
- ◇ **Erasmus+** supporting mobility of students and academic staff. The EU is allocating €454.2 million for regional cooperation projects in Central Asia for the **2014-2020** funding period, **including €115 million for the Erasmus+ programme**. Erasmus+ has offered already **nearly 2000 scholarships for Kazakh students or staff to come to study or train in Europe**, and about **800 scholarships for European students to study in Kazakhstan**.

Like all of the Central Asian countries, Kazakhstan is a recipient of EU **humanitarian and civil protection funding**. In total, almost 100 projects amounting to over €33 million have been funded by the Commission's Disaster Preparedness Programme.

Kazakhstan has recently approached the EU with a request to contribute to the continuation of the programme for some 1,000 Afghan students at Kazakh higher education institutions. The EU has responded by launching preparations for a regional programme taking inspiration from the Kazakh programme. The intention is to work with UN Women to implement a €2 million project which will provide professional training to Afghan women at both Kazakh and Uzbek higher education institutions with economic empowerment of women as the main objective. This adds a new dimension to the development cooperation between the EU and Kazakhstan.