



# 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 1<sup>st</sup> May 2016. The Agreement, now ratified by all EU Member States and the European Parliament, will fully enter into force on 1 March 2020. 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 diversification of its economy.

## 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 29 other 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 by far Kazakhstan's **first 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 (90%), chemicals and food products. From the EU, Kazakhstan imports machinery (40%), transport equipment and pharmaceuticals, alongside chemical products, plastics, medical devices and furniture. Exports from Kazakhstan to the EU totalled €20.8 billion and the import volume from the EU to Kazakhstan €5.8 billion in 2018. The EU is also the **first foreign investor** in Kazakhstan, representing 48% of total (gross) foreign direct investment (FDI) flows and approximately 60% of total net FDI stocks in 2018.

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.

Among the projects to be funded from the last bilateral allocation to Kazakhstan (2007-2013 commitment) were two flagship programmes completed in 2018:

- ◇ Supporting Kazakhstan's transition to a **Green Economy Model** (2015-2018, €7.1 million) - which contributed to a more long-term sustainable and diverse economic development of Kazakhstan.
- ◇ **Support to Judicial Reform** in Kazakhstan (2015-2018, €5.5 million) which supported the implementation of the national policy of humanisation of the justice system, which led to a significant reduction of the prison population.

Even without development assistance being allocated to Kazakhstan, in the short to medium term the country will continue to benefit from several regional programmes. This includes the **EU-Central Asia Rule of Law programme; Central Asia Invest; International Trade in Central Asia; SWITCH Asia and the Investment Facility for Central Asia (IFCA). The latter** contributes 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 EU funded regional programmes promoting EU-Central Asia policy dialogue on water, environment and climate change (**WECOOP**); the Central Asia Water and Energy Programme (**CAWEP**) and a programme for Strengthening Financial Resilience and Accelerating Risk Reduction.

## **OTHER FORMS OF 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 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 **Border Management Programme** in Central Asia (BOMCA) and the **Central Asia Drug Action Programme** (CADAP);
- ◇ **Erasmus+** supporting mobility of students and academic staff and capacity building projects. 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 more than **2 000 short-term scholarships** for Kazakh students or staff to come to study or train in Europe, and nearly 1000 scholarships for European students to study in Kazakhstan. Additionally, **137 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 49 of the 70 projects funded in Central Asia. Selected projects address

curriculum development and modernisation, including new teaching and learning practices, improving university governance and creating better links between higher education and the world of work.

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.