



Highlights of Kazakhstan

4 October 2021

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The Economic Section of the Embassy of the Kingdom of the Netherlands in Kazakhstan intends to distribute this newsletter as widely as possible among Dutch institutions, companies and individuals from the Netherlands. The newsletter summarises economic news from various Kazakhstani and foreign publications and aims to provide accurate information. However, the Embassy cannot be held responsible for any mistakes or omissions in the bulletin.

AGRICULTURE

Kazakhstan exports up to 6.5 mln tons of grain in 2021

Despite a drought in the summer, Kazakhstan expects to harvest about 18 mln tons of grain and oilseeds, more than enough for domestic consumption. It also suffices for more export to Central Asia, Iran, Afghanistan and (possibly) China. The total sown area is growing (grain: 16.1 mln ha, oilseeds: 3.1 mln ha, vegetables/potatoes: 473.800 ha).

Source: [Astana Times](#)

Almaty region is looking for investors in 11 agriculture projects

Aims of these projects: to plant orchards, construct fruit storage and fruit processing workshops, construct a fishing complex, a salmon farm, a poultry farm, a pig breeding complex and greenhouses. Total value about €1 bln.

Source: [LS](#)

ENVIRONMENT

Investment of €310 mln in renewable energy

This year, it is planned to commission 22 green energy facilities with a total capacity of 382 MW. Of these, 13 wind power plants with 259.65 MW, 4 solar power plants with 76.95 MW and 5 hydroelectric power plants with 45.59 MW. By the end of the year, the total number of renewable energy facilities will reach 138 with an installed capacity of 2.000 MW (about 3.5% of the total electricity production). By 2025, the share of renewables in electricity production will be 6%, and by 2030 - 15%.

Source: [LS](#)

Shell invests in Carbon Capture, Utilization and Storage (CCUS)

Shell Kazakhstan B.V. signed a memorandum of cooperation with KazMunayGas, the largest oil and gas company in Kazakhstan. Shell technicians will share their experience in implementing similar CCUS projects, which will support Kazakhstan in its efforts to meet the country's commitments to reduce greenhouse gas emissions.

Source: [press office](#) of KazMunayGas

Kazakhstan considers the introduction of an internal carbon tax

In July, the EU proposed a Carbon Border Regulation Mechanism (CBAM), or CO2 Tariff, on carbon-intensive products such as steel and aluminum. This tax will force companies (as of 2026) to pay for carbon effects at the border. As the EU is one of its largest trading partners (accounting for about 40% of all exports) and oil and metals are Kazakhstan's main export commodities, this carbon tax will make these commodities too expensive for the EU market. The introduction of an internal tax could solve the issue, provided that the EU will approve Kazakhstan's carbon structure.

Source: [Reuters](#)

ENERGY & NATURAL RESOURCES

Increase in oil production within the framework of OPEC +

The production volume will grow by 400.000 barrels per day (1.5 mln barrels in total) until the parties to the agreement lift the restrictions on 5.8 mln barrels per day.

Source: [LS](#)

Kazakhstan exported over 33 mln tons of oil in the 1st half of 2021

Italy, by a wide margin, took the first place among importers of Kazakhstani oil, followed by the Netherlands, France, Spain, Romania and India.

Source: [LS](#)

HIGHLIGHTS OF KAZAKHSTAN, October 2021

Embassy of the Kingdom of the Netherlands in Kazakhstan

Export ban on petroleum products extended for 6 months

Due to the ongoing shortage of oil products at the local market and increase in prices, the Kazakh Ministry of Energy extended the export ban of certain oil products for another six months.

Source: [Kapital \(Kazakhstan\)](#)

Possible construction of a nuclear power plant

In his Address to the nation, President Tokayev announced that by 2030 the country will have a shortage of electricity. One of the solutions he considers is the construction of a nuclear power plant with a capacity of 1.2 thousand MW (for appr. €10 bln). Possible suppliers: Russia, the US, China and European countries.

Source: [LS](#) and [LS](#)

MACRO-ECONOMICS & FINANCE

Kazakhstan's economy has reached pre-pandemic level

The government reports that the economy demonstrates a steady recovery dynamics, GDP growth amounted to 3%. Growth rates continue to increase in the manufacturing industry by 5.8%, in trade by 9.1%, in communications by 12.8%, and in construction by 11.4%.

Source: [press service](#) of Kazakh PM

UNCTAD notes growth of foreign direct investment in Kazakhstan

UNCTAD reports that Kazakhstan showed the largest growth of net foreign direct investment among 17 transition economies. Despite the negative impact of the COVID-19 pandemic on the global economy in 2020, Kazakhstan received 34.9% more net foreign direct investment than a year earlier.

Source: [Kazakhstanskaya Pravda](#)

Possible fee for transferring money offshore

Kazakhstan is considering to introduce a new commission for transfer transactions in jurisdictions with preferential taxation in order to fight loopholes allowing corporations to move capital abroad. Amendments to the Tax Code, designed to combat offshore, are currently being discussed in industry associations. The fee will be 15% of the amount transferred to the offshore zone. Payers of the commission for transfers to offshore companies will submit their declarations to the local tax authorities on a quarterly basis. Cross-checking: banks will also have to provide data on payments or transfers to countries with favorable taxation.

Source: [Kursiv](#)

Ban on the export of a number of goods and raw materials

Kazakhstan has introduced a ban of six months on the export of paper, cardboard and waste paper, some types of trees and wood products, pedigree livestock of cattle and small ruminants in order to counter inflation and support the domestic economy.

Source: [Kapital](#)

TRANSPORT & COMMUNICATIONS

Visa-free regime for 30 countries

Kazakhstan has introduced a visa-free regime with 30 countries with a good epidemiological situation and high vaccination rates, such as the Netherlands, Italy, France, Germany, Spain, Japan, Saudi Arabia, Poland, Denmark and others.

Source: [Kazinform](#)

Increase and resumption of flights to 16 countries

The number has increased with Russia (54 per week), Turkey (70), the UAE (9), Korea (6), Germany (5), Uzbekistan (5), Maldives (3), Poland (2), Hungary (1), Saudi Arabia (1). Regular flights were resumed with the Czech Republic (2), China (8) and Azerbaijan (3). More flights are planned to Italy (2), Sri Lanka (3) and Kuwait (3).

Source: [Kapital \(Kazakhstan\)](#)

EBRD co-finances upgrade of Almaty International Airport

The European Bank for Reconstruction and Development (EBRD) is arranging a loan of €129 mln for the development of Almaty International Airport along with a similar loan of the International Finance Corporation (IFC) as part of a total investment program of €673 mln. Additional loans are being sought with the Eurasian Development Bank and a German development finance institution.

Source: [EBRD](#)

Kazakhstan expects to earn €450 mln from IT export by 2025

Kazakhstan singles out digitalization as a national priority sector and aims to turn it into a leading industry. Therefore, it plans to train 100 thousand IT specialists and set up major data centers to serve neighboring countries.

Source: [LS](#)

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