MUTUAL TRADE BETWEEN KAZAKHSTAN AND RUSSIA IN THE NEW REALITY

ANNOTATION

Particular attention is paid to the foundations and values of Kazakhstan-Russia relations, which are developing on a sustainable and dynamic good-neighborly basis, taking into account the national interests of each country. This article examines trends in foreign trade relations between Kazakhstan and Russia within the framework of the Eurasian Economic Cooperation, including mutual trade, investments, transport and logistics relations. The purpose of the article is to analyze mutual trade between Kazakhstan and Russia in the new reality. Particular attention is paid to the commodity structure of imports and exports of mutual trade. The author seeks to trace the process of development of economic partnership between the two countries and focuses on transport corridors in Kazakhstan. The main content of the study is the analysis of trade turnover between Kazakhstan and Russia. Significant attention is paid to the comparative and structural analysis of the dynamic series of foreign trade between Kazakhstan and Russia. It substantiates the idea that the most important direction of Kazakhstan-Russia relations is the development of trade and economic cooperation.

The article deals with the crisis state of modern international trade our countries need to pay special attention to the development of joint transport and logistics infrastructure, the removal of restrictions that hinder trade and investment exchanges, given the crisis state of international trade as a whole.

The author concludes that having huge, often underdeveloped and sparsely populated territories, our countries face common infrastructural problems.

Key words: Eurasian Economic Union, foreign trade, mutual trade, export, import, foreign trade balance, foreign trade turnover, transport corridors.

Introduction. Kazakhstan and Russia are united by the longest - about 7.5 thousand km - land border in the world. One of the main assets is the common historical and cultural heritage. As neighbours, these countries are interested both in their own stable political development and in the stable development of each. As a research task, the author defined an attempt to assess the state of mutual trade between Kazakhstan and Russia, which are going through a difficult path of finding common ground in the development of mutual cooperation in the conditions of the "new reality" today. What pushes us to find a compromise is the world's common and longest continuous international border, the second longest in total length after the border between Canada and the United States. The long border makes our countries the closest neighbours, for which the stability and predictability of each other plays a vital role.

The relevance of the research topic is due to the fact that mutual trade between Kazakhstan and Russia plays a key role in the development of the economies of these countries and continues to develop dynamically in the conditions of the “new reality”.

Materials and research methods. The subject of this material is to determine the volume of exports and imports of goods that are not taken into account by customs statistics, the balance method is based on determining the difference between the available resources of goods (in physical terms) and its use. The balance method makes it possible to evaluate the positiveness in case of excess resources of the goods or the negative result, when consumption exceeds the available resources, imports are adjusted. In order to carry out research, we used a systematic approach to factual materials, in particular, scientific and...
scientific-practical literature, legal acts, regulatory documents, etc.; abstract-logical approach to generalize the results of the study and formulate conclusions, as well as other methods were used: observation, comparison, abstraction, economic observation, historical analysis of economic phenomena in the development of foreign economic cooperation between Kazakhstan and Russia.

**Research outcomes.** Kazakhstan and Russia are key partners both in bilateral dialogue and in multilateral formats such as the Eurasian Economic Union or the CSTO.

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**Figure 1 – Principles underlying the strategic relationship between Kazakhstan and Russia**

Diplomatic relations between the countries were established on October 22, 1992. During this time, more than 480 treaties and agreements have been concluded in various areas of cooperation. The fundamental documents between the countries are: the Treaty of Friendship, Cooperation and Mutual Assistance of May 25, 1992, the Declaration of Eternal Friendship and Alliance Oriented to the 21st Century, of 6 July 1998, the Treaty of Good Neighbourliness and Alliance in the 21st Century, signed on November 11 2013. The latter entered into force on December 22, 2014.

Kazakhstan and Russia are actively cooperating within the framework of the Eurasian Economic Union, the Commonwealth of Independent States, the Collective Security Treaty Organization, and the Shanghai Cooperation Organization. In 2018, Kazakhstan and Russia were among the five Caspian states that signed the Convention on the Legal Status of the Caspian Sea.

Russia is a reliable trade and economic partner of Kazakhstan, one of the leading investors in the economy of our country. This is due to a number of objective factors: geographical location, the common economic space of the EAEU, a developed legal framework, the availability of effective platforms for promoting bilateral cooperation - the Intergovernmental Commission, the Forum for Interregional Cooperation, Subcommissions on the main areas of trade and economic cooperation. Today, there are about 8,000 companies with Russian participation and 3,348 joint ventures operating in Kazakhstan.

The successful implementation of major joint projects in various fields contributes to the expansion of interregional dialogue and the deepening of comprehensive cooperation.

<table>
<thead>
<tr>
<th>Basis</th>
<th>Values</th>
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<tbody>
<tr>
<td>Sustainability</td>
<td>Equal rights</td>
</tr>
<tr>
<td>Dynamism</td>
<td>Mutual respect for sovereignty</td>
</tr>
<tr>
<td>Friendship</td>
<td>Inviolability of borders</td>
</tr>
<tr>
<td>Good neighbourliness</td>
<td>Accounting for each other's national interests</td>
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<td></td>
<td>Constructive dialogue</td>
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</tbody>
</table>

2021 was a very productive year: the trade turnover between our countries amounted to $25 billion, and the accumulated volume of direct investment from Russia is $17 billion. The trade turnover between Kazakhstan and Russia in January-November 2022 amounted to $23.6 billion, which is 6.8% higher than in the same period of the previous year ($22.1 billion).
Kazakhstani investments in the amount of more than $5 billion are being invested in Russia. There are 8 thousand enterprises with Russian participation and 3.5 thousand joint Kazakh-Russian companies operating in Kazakhstan.

With vast, often underdeveloped and sparsely populated territories, our countries face common infrastructural problems. The networks of railways and highways, oil and gas pipelines of Russia and Kazakhstan are closely intertwined, which naturally implies the use of each other’s transit potential as part of the development of the East-West and North-South transport corridors. This intertwining is also natural, just as natural for both countries is the similarity of their post-Soviet economic models and the social problems they generate.

The international transport corridor (transport corridor, ITC) is a high-tech transport system that concentrates public land transport (railway, road, river) and telecommunications on general directions. Transport and logistics industries in the Kazakhstani economy are important for enhancing the interaction of regions. The geopolitical situation and sanctions confrontation, which led to the rupture of traditional transport and logistics chains, has intensified the foreign economic policy of mutual cooperation between Kazakhstan and Russia.

Northern Corridor–Trans-Asian Railway (TAZhM): Western Europe - China, the Korean Peninsula and Japan through Russia and Kazakhstan (on the section Dostyk - Aktogay - Sayak - Moityn - Astana - Petropavlovsk (Presnogorkovskaya)).

Trans-Asian Railway: South-Eastern Europe - China and South-East Asia through Turkey, Iran, Central Asian countries and Kazakhstan (on the section Dostyk - Aktogay - Almaty - Shu - Arys - Saryagash).

Eastern Europe - Central Asia through the Black Sea, the Caucasus and the Caspian Sea (on the section Dostyk - Almaty - Aktau).

North-South-Northern Europe - the countries of the Persian Gulf through Russia and Iran, with the participation of Kazakhstan in the sections of the Aktau seaport - the Ural regions of Russia and Aktau - Atyrau.

Central Corridor - Trans-Asian Railway direction Saryagash - Arys - Kandagach - Ozinki. Corridors can significantly reduce the distance in the East-West traffic and the delivery time of goods.

In the first half of 2022, the volume of trade between Kazakhstan and Russia reached $11.6 billion, real growth compared to the same period last year was 5%. At the same time, the share of Russia in the total volume of trade in Kazakhstan decreased from 23.7% to 18.3% over the year.

Exports from Kazakhstan to Russia account for only 29.1% of trade with Russia. Thus, the volume of exports in January-June 2022 amounted to 3.4 billion US dollars, real growth - by 0.5%.

In turn, imports from Russia to Kazakhstan grew by 7% over the year, to $8.3 billion. The share of Russia in the total volume of imports of Kazakhstan has decreased over the year, while it still stands at an impressive 38.5%.

Most of all, from Kazakhstan to Russia in January-June 2022 exported products of inorganic chemistry, inorganic or organic compounds of precious metals, radioactive elements or isotopes: 448.8 thousand tons in the amount of 574.7 million US dollars. It is followed by iron, unalloyed and alloyed flat products, stainless steel for $400.3 million, and iron ores and concentrates, including roasted pyrite, for $217.3 million.

Figure 2 – Trade turnover between Kazakhstan and Russia in the first half of 2022
In quantitative terms, in January-June 2022, compared to the same period in 2021, 3.5 times more tractors were exported from Kazakhstan to Russia, 2.6 times more slag wool, mineral silicate wool and similar mineral wool in bulk, in sheets or rolls, 2.1 times more sinks, washbasins, sink consoles, bathtubs, bidets, toilet bowls, cisterns, urinals and similar sanitary wares made of ceramics, as well as artificial corundum of a defined or undefined chemical composition, aluminum oxide and aluminum hydroxide.

Trade is dominated by products of inorganic and organic chemistry, iron ores, mineral resources, and agricultural products.

From Russia to Kazakhstan in January-June 2022, most of all, bars made of iron, non-alloyed and alloyed, stainless steel were imported: 333.3 thousand tons in the amount of 261.8 million US dollars. Ferrous metal pipes are next, including cast iron pipes (159.1 thousand tons in the amount of 202.8 million US dollars), as well as flat products made of iron, unalloyed and alloyed, stainless steel (133.9 thousand tons in the amount of 159.8 million USD).

Compared with January-June 2021, in quantitative terms, the import from Russia to Kazakhstan of particle boards, OSB-boards and similar boards made of wood or other lignified materials, impregnated or not impregnated with resins or other organic binders, grew the most (in 3.2 times), cast and rolled, sheet or profiled glass, with or without an absorbing, reflective or non-reflecting layer, but not processed in any other way (2.7 times), undenatured ethyl alcohol with a concentration of less than 80%, alcohol tinctures, liqueurs and other alcoholic beverages (by 2.3 times), as well as molasses obtained as a result of extraction or refining of sugar (by 2.1 times).

Table 2 – Commodity structure of exports and imports of the Republic of Kazakhstan with the EAEU countries

<table>
<thead>
<tr>
<th>Types of goods</th>
<th>Export, %</th>
<th>Import, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metals and products</td>
<td>25</td>
<td>17.7</td>
</tr>
<tr>
<td>mineral products</td>
<td>26.4</td>
<td>11.6</td>
</tr>
<tr>
<td>Machinery, equipment, vehicles, instruments and apparatus</td>
<td>16.9</td>
<td>20.4</td>
</tr>
<tr>
<td>Products of animal and vegetable origin, prepared foodstuffs</td>
<td>8.5</td>
<td>18.0</td>
</tr>
<tr>
<td>Products of the chemical and related industries</td>
<td>20.8</td>
<td>16.6</td>
</tr>
<tr>
<td>other</td>
<td>2.4</td>
<td>15.7</td>
</tr>
</tbody>
</table>

Trade turnover between Kazakhstan and Russia in January-August 2022 ($15.9 billion), which is 4.2% higher than in the same period in 2021 ($15.3 billion. The growth of exports to Russia is justified by an increase in the supply of such goods as: uranium - by 97% or by $256.4 million (from $264.2 to $520.6
million); aluminum oxides and hydroxides - an increase of 2.5 rubles or by $149.2 million (from $102.7 to $251.9 million); telephone sets - an increase of 88.6 rubles or by $130.6 million (from $1.5 to $132.1 million); computers - an increase of 215.7 rubles or by $101.7 million (from $0.2 to $59.9 million). There is a decrease in export deliveries of such goods as: iron ores and concentrates - by 73.7% or by $617.4 million (from $837.5 to $220.1 million); non-alloy steel clad flat products - by 45.7% or $159.8 million (from $349.6 to $189.8 million); cold-rolled flat-rolled products from unalloyed steel - by 46.7% or by $109.3 million (from $234.1 to $124.8 million); Hot-rolled flat-rolled products from unalloyed steel - by 24.8% or by $101.8 million (from $410.5 to $308.7 million); ores and concentrates of precious metals - by 15.5% or by $40.7 million (from $262.3 to $221.6 million). The main export commodities from Kazakhstan to Russia are: uranium - $520.6 million (with a share of 10.4%); hot-rolled flat steel from non-alloyed steel – $308.7 million (6.2%); aluminum oxides and hydroxides - $251.9 million (5.1%); ores and concentrates of precious metals - $221.6 million (4.4%); iron ores and concentrates - $220.1 million (4.4%); flat-rolled products from unalloyed steel, clad - $189.8 million (3.8%); ferroalloys - $162.6 million (3.3%); raw zinc – $159.6 million (3.2%); hard coal – $151.4 million (3%).

Table 3 - Mutual dependence of the economies of Kazakhstan and Russia

<table>
<thead>
<tr>
<th>Trade turnover</th>
<th>Russia for Kazakhstan's economy,%</th>
<th>Kazakhstan for the Russian economy,%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Russian share</td>
<td>ranking</td>
</tr>
<tr>
<td>Export</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All goods</td>
<td>11.5%</td>
<td>3</td>
</tr>
<tr>
<td>Processed food</td>
<td>21%</td>
<td>3</td>
</tr>
<tr>
<td>Energy products</td>
<td>1.6%</td>
<td>15</td>
</tr>
<tr>
<td>Industrial products</td>
<td>27%</td>
<td>2</td>
</tr>
<tr>
<td>Import</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All goods</td>
<td>42.1%</td>
<td>1</td>
</tr>
<tr>
<td>Processed food</td>
<td>64.4%</td>
<td>1</td>
</tr>
<tr>
<td>Energy products</td>
<td>89.1%</td>
<td>1</td>
</tr>
<tr>
<td>Industrial products</td>
<td>38.5%</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: for Kazakhstan, statistics from the BNS for 2021
Russia statistics from trademap.org for 9 months of 2021

The growth of imports from Russia is justified by an increase in the import of such goods as: pipes and tubes welded from ferrous metals - an increase of 3.8 p. or by $88.1 million (from $31.1 to $119.1 million); wheat - growth in 2 p. or by $85.2 million (from $82.9 to $168.1 million); copper ores and concentrates - an increase of 3.3 p. or by $72.8 million (from $32.0 to $104.8 million); sunflower seeds - growth of 11.8 p. or by $71.7 million (from $6.6 to $78.3 million); zinc ores and concentrates - by 86.4% or by $61 million (from $70.6 to $131.6 million); semi-finished products from unalloyed steel - by 28.3% or by $57.4 million (from $203.1 to $260.4 million); ores and concentrates of precious metals - by 30.1% or by $56.4 million (from $187.5 to $243.9 million).

Significantly reduced imports of such goods as: passenger cars - by 70.1% or by $265.1 million (from $378.4 to $113.2 million); vaccines, blood sera, blood - by 77% or by $86 million (from $111.6 to $25.7 million); tobacco and its substitutes, tobacco extracts and essences - by 76.9% or $61 million (from $79.4 to $18.4 million); sugar - by 59.8% or $60.3 million (from $100.8 to $40.5 million); gas - by 29.6% or by $55.8 million (from $188.3 to $132.6 million).

The most conditionally dependent on Russian supplies were mainly border regions (Figure 3):

- North Kazakhstan region (75% share of the Russian Federation in imports);
- Pavlodar region (69%);
- West Kazakhstan region (68%);
- Aktobe region (66%).
In general, the share of goods from Russia in Kazakhstan's imports for 2021 is about 42%.

**Conclusion.** The main background of foreign economic cooperation between Kazakhstan and Russia is the desire of our peoples to live in peace, friendship and harmony. Further deepening of traditionally friendly relations, bilateral and multilateral cooperation in the interests of both states existing between Kazakhstan and Russia is based on a high degree of political trust and mutual understanding. Given the crisis state of modern international trade, our countries need to pay special attention to the development of a joint transport and logistics infrastructure, the removal of restrictions that hinder trade and investment exchanges. The most important direction of Kazakh-Russian relations is the development of trade and economic cooperation. Compared to last year, the number of commodity items of Kazakhstani exports to Russia increased from 640 to 1,050 items. Deliveries to the Russian regions from Almaty increased by more than 2.5 times, from Astana - by 5 times. Cross-border trade has significantly intensified. For example, deliveries to Russia from the Aktobe region increased by 48%, from the Pavlodar region - by 36%.

In general, exports from Kazakhstan to Russia in January-September increased by 15.1% and amounted to $5.9 billion. Exporters of Kazakhstan are also ready to increase supplies of metallurgical, engineering and petrochemical products, food, chemical and light industry products, vehicles, building materials, pharmaceuticals.

Thus, there is a significant potential for further strengthening of trade and economic cooperation between our countries.

**REFERENCE**


Резюме
Особое внимание уделено основам и ценностям казахстанско-российских отношений, которые развиваются на устойчиво-динамическом добрососедстве с учетом национальных интересов каждой страны. В данной статье рассматриваются тенденции внешнеторговых взаимоотношений Казахстана и России в рамках Евразийского экономического сотрудничества, включая взаимную торговлю, инвестиции, транспортно-логистические связи. Целью статьи является анализ взаимной торговли между Казахстаном и Россией в условиях новой реальности. Особое внимание уделено товарной структуре импорта и экспорта взаимной торговли. Автор стремится проследить процесс развития экономического партнёрства между двумя государствами и акцентирует внимание на транспортные коридоры на территории Казахстана. Определяющим в контексте развития экономического партнерства между двумя странами является развитие торгово-экономического сотрудничества.

В статье речь идет о кризисном состоянии современной международной торговли нашим странам необходимо уделить особое внимание развитию совместной транспортно-логистической инфраструктуры, снятию ограничений, мешающих торговым и инвестиционным обменам, учитывая кризисное состояние международной торговли в целом. Автор приходит к выводу, что обладая огромными, зачастую освоенными и малонаселенными территориями, наши страны сталкиваются с общими инфраструктурными проблемами.