



Diversifying Kazakhstan's Exports

INSTITUTIONS, POLICIES, INFRASTRUCTURES



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Foreword

Kazakhstan's trade performance has displayed remarkable resilience to recent economic shocks, including Russia's full-scale invasion of Ukraine and the ensuing international sanctions. However, connectivity remains one of the greatest challenges facing the country: its trade integration is limited by low density of settlement and economic activity, infrastructure and trade facilitation bottlenecks, and long distances to major markets; and its economy still depends on a limited number of export commodities and a narrow range of trading partners.

The government of Kazakhstan has been pursuing an agenda of economic diversification and regional integration, with a focus on trade facilitation and export promotion. In the current regional and international context, prioritising improved connectivity to integrate better into global value chains will be critical not only to ensuring the resilience of Kazakhstan's economy, but also to expanding and developing transregional trade.

In May 2022, the OECD, with the financial support of the Republic of Kazakhstan, launched a project to improve trade connectivity in Central Asia and export promotion in Kazakhstan, complementing the 2019 assessment of connectivity and freight challenges in the region carried out by the OECD and the International Transport Forum (ITF). A first report, taking stock of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan's progress in the OECD Trade Facilitation Indicators (TFI) and presenting, for the first time, preliminary results for Turkmenistan, was published in December 2023.

This report summarises the analytical guidance on export promotion policies in Kazakhstan provided by the OECD in 2022 and 2023. The report complements recent OECD work on trade connectivity in Central Asia, by focusing on practical aspects of export diversification agreed upon in collaboration with the government of Kazakhstan: (i) how to develop export promotion policies for SMEs; (ii) how to design a one-stop shop for exporting SMEs; and (iii) how to improve cross-border co-operation in Kazakhstan's Caspian Sea ports.

The report comprises a macroeconomic overview chapter followed by three thematic chapters, corresponding to the three selected policy areas. Each chapter presents a detailed analysis of the current institutional and policy set-up, outlines key challenges, and provides targeted policy recommendations.

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This note summarises the analytical work carried out by the OECD Eurasia Competitiveness Programme (ECP) as part of the OECD Central Asia Initiative. The work was funded by the government of Kazakhstan, and co-ordinated on behalf of Kazakhstan by Mr Kairat Torebayev, Vice-Minister of Trade and Integration, whose support and involvement were particularly appreciated.

This report was prepared under the guidance of Mr Andreas Schaal, Director of OECD Global Relations and Co-operation, and Mr William Tompson, Head of the OECD Eurasia Division. The project was managed by Mr Grégory Lecomte, Head of the Central Asia Unit, and Ms Amélie Schurich-Rey, Economist and Policy Analyst, OECD Eurasia Division.

The lead authors of this report are Ms Amélie Schurich-Rey and Mr Dylan van de Ven, Policy Analyst in the OECD Eurasia Division. Valuable analytical support was provided by QazTrade, Ms Céleste Laporte Talamon, Policy Analyst, as well as Ms Shamima Oshurbekova, Mr Hugo Brisebard, and Mr Daniel Poloyko, Junior Policy Analysts in the same division. Ms Anna Chahtahtinsky and Ms Elisa Larrakoetxea, Programme Administrators in the OECD Eurasia Division, provided unfailing administrative and logistical support.

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Abbreviations and acronyms

AHK	German Chambers of Commerce Abroad
AMNT	Aktau Marine North Terminal
ASCO	Azerbaijan Caspian Shipping Company
B2B	Business to Business
B2C	Business to Consumer
B2G	Business to Government
BRI	Belt and Road Initiative
BSEC	Black Sea Economic Cooperation Organisation
CAREC	Central Asia Regional Economic Cooperation
CBC	Cross-border co-operation
CCI	French Chamber of Commerce and Industry
CIC	Chamber of International Commerce
CIS	Commonwealth of Independent States
CSN	Community Stakeholder Network
DAMU	Entrepreneurship Development Fund JSC
EAEU	Eurasian Economic Union
ECA	Export Credit Agency
ECO	Economic Co-operation Organisation
EPA	Export Promotion Agency
EU	European Union
FAL	Convention on Facilitation of International Maritime Traffic
IMO	International Maritime Organisation
GDP	Gross Domestic Product
GTAI	Germany Trade and Invest
GVC	Global value chain
IATITR	International Association Trans-Caspian International Transport Route
IDF	Industrial Development Fund
INSTC	International North-South Transport Corridor
IRU	World Road Transport Organisation
ITC	International Trade Centre
ITF	International Transport Forum
IZ	Industrial zone
JSC	Joint Stock Company
KDB	Kazakhstan Development Bank
KMTF	KazMorTransFlot
KPI	Key Performance Indicator

KPPPC	Kazakhstan Public-Private Partnership Centre
KTP	Kazakhstan Trade Portal
KTZ	Kazakhstan Temir Zholy, the national railway company
M&E	Monitoring and evaluation
MFA	Ministry of Foreign Affairs
MIID	Ministry of Industry and Infrastructure Development
MMT	multi-functional marine terminal
MNE	Ministry of National Economy
MOF	Ministry of Finance
MOJ	Ministry of Justice
MTI	Ministry of Trade and Integration
NES	National Export Strategy
NGO	Non-governmental organisation
NTFC	National Trade Facilitation Committee
OECD	Organisation for Economic Co-operation and Development
OSCE	Organisation for Security and Co-operation in Europe
OSS	One-Stop Shop
OTS	Organisation of Turkic States
PPD	Public-Private Dialogue
PPP	Public-Private Partnership
R4TCA	Ready4Trade Central Asia
SEZ	Special Economic Zone
SME	Small and Medium-sized Enterprises
SPIID	Programme for Industry and Innovative Development
SPOC	Single Point of Contact
TEU	twenty-foot equivalent unit
TFE	Team France Export
TFI	Trade Facilitation Indicator
TITR	Trans-Caspian International Transport Route
TRACECA	Transport Corridor Europe Caucasus Asia
UAE	United Arab Emirates
UK	United Kingdom
UNECE	United Nations Economic Commission for Europe
USD	United States Dollar
WTO	World Trade Organisation

Executive summary

Kazakhstan has developed a range of policies and programmes to enhance its export potential and capitalise on its central position in major trade routes

Kazakhstan has enjoyed over two decades of robust economic growth and enhanced regional and global integration. However, growth remains heavily dependent on exports of primary commodities, especially fossil fuels, a fact that both reflects and contributes to the limited development of its private sector: exports from non-resource sectors were below 10% in 2020, just as they were in 2013, while small and medium enterprises' (SME) shares in exports and gross domestic product (GDP) remain below those of regional peers.

Kazakhstan has been diversifying trade, transit, and transport partners to enhance economic resilience. At the national level, Kazakhstan has developed a solid institutional and policy framework to diversify its economy. Particular attention has been paid to export promotion, with the creation of an institutional ecosystem providing firms with capacity-building and financial support (Chapter 2). In recent years, Kazakhstan has also made increased use of digital trade portals to enhance their reach (Chapter 3). At the regional level, Kazakhstan has accelerated efforts to engage with its neighbours to harness the economic opportunities offered by major transregional corridors (Chapter 1). The government has been developing cross-border co-operation (CBC) hubs and has recently focused its attention to the “Caspian Knot” hub, covering Kazakhstan’s two Caspian Sea ports and including a special economic zone (SEZ), in the context of the development of the TITR (Chapter 4).

However, Kazakhstan’s export diversification ambitions have not yet realised their potential benefits. Only a small fraction of Kazakhstan’s SMEs have started exporting, while the effects of export promotion activities are only rarely monitored by responsible public institutions, and policies and tools adapted accordingly. The analysis finds that gaps exist in the current export promotion framework, while its reach and effectiveness can be further improved (Chapters 2 and 3). The analysis also finds that the Caspian Knot has not yet reached its full potential, as gaps in infrastructure and trade facilitation arrangements constrain its development (Chapter 4). Addressing these requires targeted action and to better involve the private sector in policy design, implementation, and evaluation.

Deeper internationalisation of SMEs and expanding regional trade cooperation will support the country’s economic diversification agenda

Kazakhstan’s SMEs would benefit from dedicated export promotion support

Dedicated export promotion policies and institutions can help SMEs overcome the barriers limiting their export potential. In the framework of Kazakhstan’s agenda to diversify its export structure and target markets, the government could strengthen the current export promotion framework by defining an SME-specific strategy and clarifying the mandates of the actors involved. Public and private export promotion actors should expand capacity-building activities and financial instruments for exporting SMEs, while the

government should expand its export-promotion network abroad, and work towards the creation of a clear branding strategy for national products. Finally, policies should be continuously monitored and evaluated for their effectiveness, enabling the government to regularly adapt measures to the needs of exporters.

The development of a single online OSS could simplify things for firms and enhance export promotion reach and effectiveness

Unifying Kazakhstan's export promotion support offer in a single internationalisation OSS for exporting firms would further improve the effectiveness of the framework. The government should gradually unify the export promotion ecosystem around a single national online OSS, supplemented by physical points of contact spread across the regions. To ensure the OSS is adapted to business needs, in particular those of SMEs, and that it enjoys sufficient uptake, the government should enter continued dialogue with exporting businesses in addition to launching awareness-raising campaigns. This will be an iterative journey, requiring intensified co-operation between national and regional representatives from the public and private sectors.

Kazakhstan should harness the potential of its CBC hubs to deepen regional trade ties

Improved regional trade facilitation co-ordination and increased private sector involvement in infrastructure development will be at the core of the development of Kazakhstan's Caspian Sea ports. Kazakhstan's CBC hubs, and in particular the Caspian ports of Aktau and Kuryk are central elements of the government's plans for the development of domestic trade and transit infrastructure and increased regional integration. Meeting these goals will require addressing infrastructure and trade facilitation gaps, and will require the development of transnational co-operation mechanisms with neighbouring countries and key trade partners, better involvement of the private sector in policy and infrastructure development, and the development of a comprehensive monitoring and evaluation system for CBC hubs to inform policymaking.

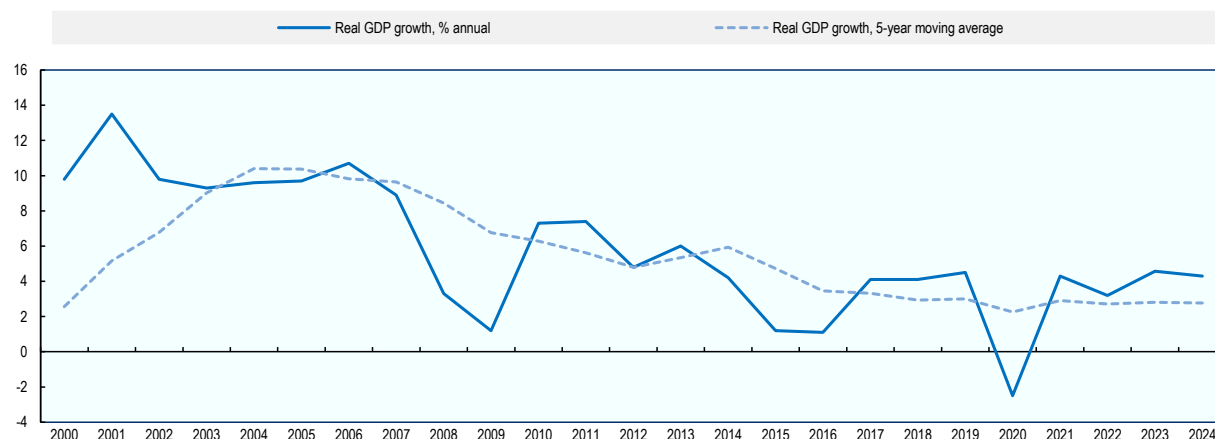
1 Setting the scene

Despite over two decades of robust economic growth, Kazakhstan's export basket remains dominated by a limited number of commodities and trade partners. Russia's full-scale invasion of Ukraine has reinvigorated the need for Kazakhstan and the region to diversify trade, transit, and transport partners to enhance economic resilience. This chapter provides a brief overview of Kazakhstan's export profile, and discusses how the war in Ukraine, by creating the urge to develop alternative trade routes, has further complicated the country's diversification efforts. The chapter concludes by outlining three policy challenges for Kazakhstan to address if it is to diversify its trade profile and routes, which are discussed at length in the following chapters of this report: export promotion policies for small and medium enterprises (SMEs) (Chapter 2), a one-stop shop for exporting SMEs (Chapter 3), and improved cross-border co-operation on the Caspian Sea (Chapter 4).

Despite consistent growth, Kazakhstan's trade performance remains closely tied to hydrocarbons, and results in a low integration into global value chains

After a severe recession in the 1990s, Kazakhstan has enjoyed a period of sustained economic growth supported by an ambitious reform agenda. Reforms targeted increased contribution of the private sector to economic development, diversification of employment, output and exports, and integration in regional and international value chains. However, growth remains highly dependent on primary commodity exports, particularly hydrocarbons and metals. Moreover, the country's trend rate of growth has been gradually declining over the past two decades, which might be indicative of the fact that the boom in the commodity sector has not been matched by productivity growth in non-resource sectors (OECD, 2018^[1]; ADBI, 2019^[2]).

Figure 1.1. Real Gross Domestic Product (GDP) growth in Kazakhstan



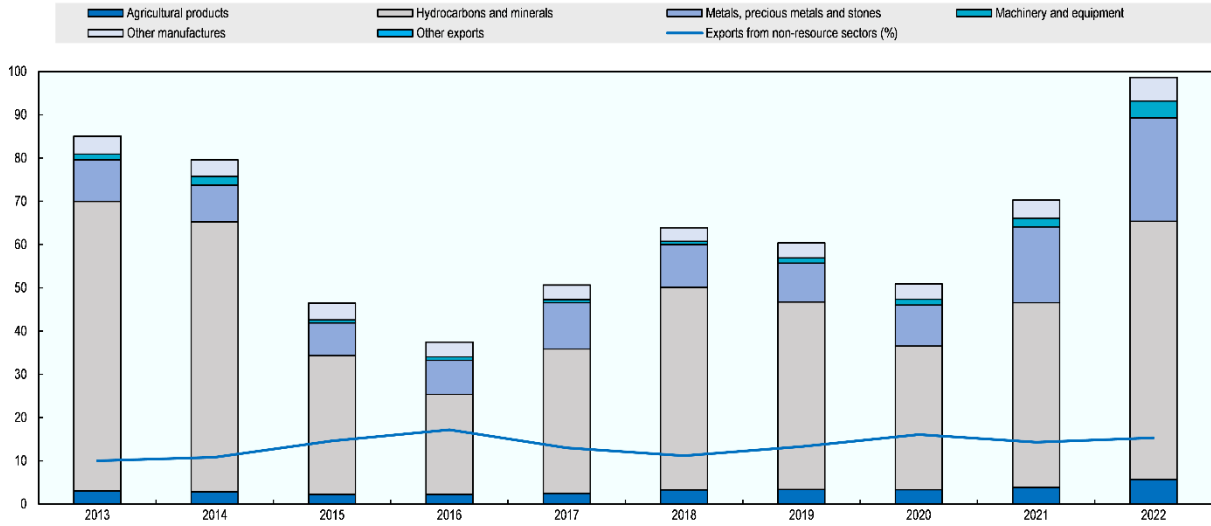
Source: (World Bank, 2024^[3]).

Note: Data for 2023 is provisional and comes from (World Bank, 2024^[4]). Estimate for 2024 is a projection from the same.

External trade is a major driver of growth and domestic output in Kazakhstan. Between independence in 1991 and 2022, trade on average represented 79.3% of the country's GDP, and export of goods and services amounted on average to 42.6% of GDP (Figure 1.2). In 2022, these figures stood at 68% and 41.8% respectively, against an OECD average of 64% and 30.8% (World Bank, 2024^[5]). Export revenues, especially from hydrocarbons and other minerals, are a central source of income for Kazakhstan, but have left the country's growth rate largely dependent on global oil and gas prices (OECD, 2023^[6]).

Figure 1.2. Kazakhstan export decomposition (2013-2022)

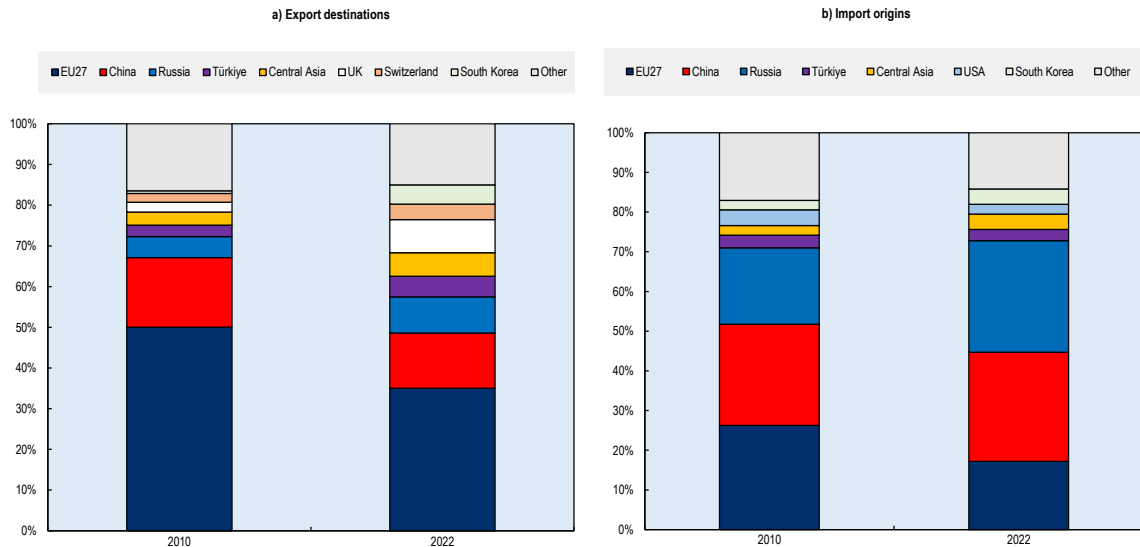
Export revenue (bn USD) and exports from non-resource sectors (% of total exports)



Source: (Observatory of Economic Complexity, 2024^[7]).

Kazakhstan’s export markets are relatively diversified in geographic terms, while, by contrast, the country’s import profile is geographically very concentrated (Figure 1.3). The country’s top five export destinations (China, Italy, Russia, the United Kingdom and the Netherlands) accounted for 48.8% of exports in 2022 and the top ten for 69.3%. Russia remains an important export destination, though it accounted for just 8.9% of exports in 2022, down from just under 20% at the turn of the century. On the import side, in 2022, Russia and China together accounted for 56.4% of Kazakhstan’s total imports: China provided 27.9% of imports and Russia 28.5%, while the country’s third-largest source of imports, Germany, provided only 5.0% in 2022, far behind the two leaders (Observatory of Economic Complexity, 2024^[7]).

Figure 1.3. Structure of trade: export and import partners (2010 and 2022)



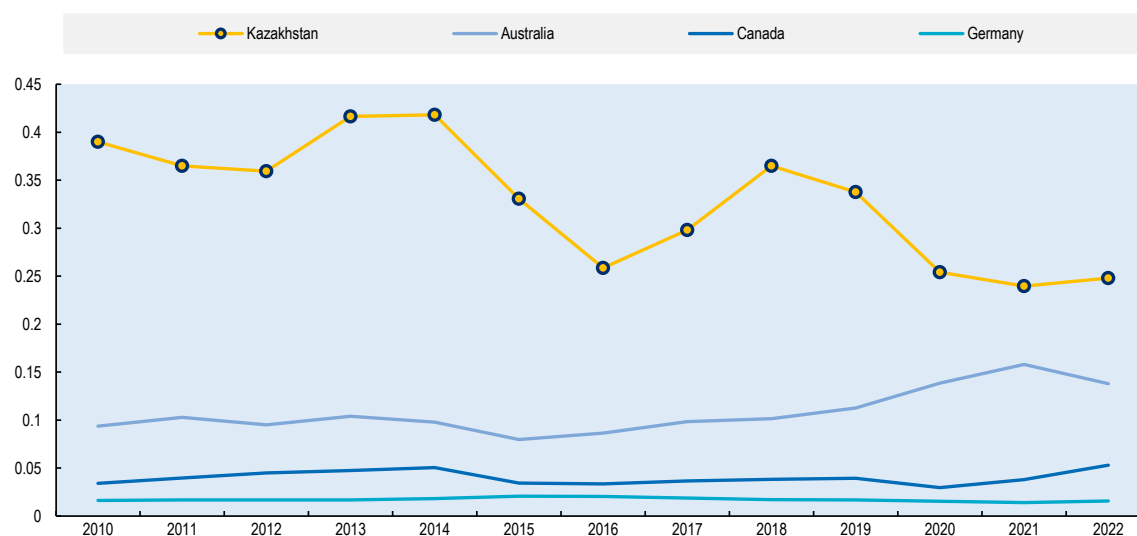
Note: The Observatory for Economic Complexity’s definition for Europe is used and excludes Russia. Central Asia includes Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

Source: OECD calculations (2024) based on OEC data (Observatory of Economic Complexity, 2024^[7]).

Kazakhstan's reforms have not yet resulted in a notable diversification of its export basket, which remains dominated by primary commodities. Between 2000 and 2022, Kazakhstan became Central Asia's most diversified exporter in terms of the number of different export products (Figure 1.5), and the geographic diversification of its markets is comparable to that of some OECD countries. However, the country's exports have remained highly concentrated around hydrocarbon products, especially mineral fuels, in volume terms (Figure 1.2). Among regional peers, only Turkmenistan and Azerbaijan have more concentrated export baskets than Kazakhstan, which also largely exceeds the concentration of comparable resource-rich OECD countries such as Australia and Canada (Figure 1.4 and Figure 1.5). In 2023, hydrocarbon products still accounted for over 53% of all exports and generated 15% of GDP (IMF, 2024^[8]). Data from the Bureau of National Statistics suggest that the primary sector as a whole (hydrocarbons, metals and agricultural products) generated over 85% of total exports in 2023. This continuing reliance on exports of primary commodities reflects low levels of competitiveness in processing sectors and connectivity barriers that firms continue to face in international trade (OECD, 2023^[9]).

Figure 1.4. Comparison of export diversification between Kazakhstan, Australia, Canada, and Germany, 2010-2022

Herfindahl-Hirschman Index, from 0 to 1



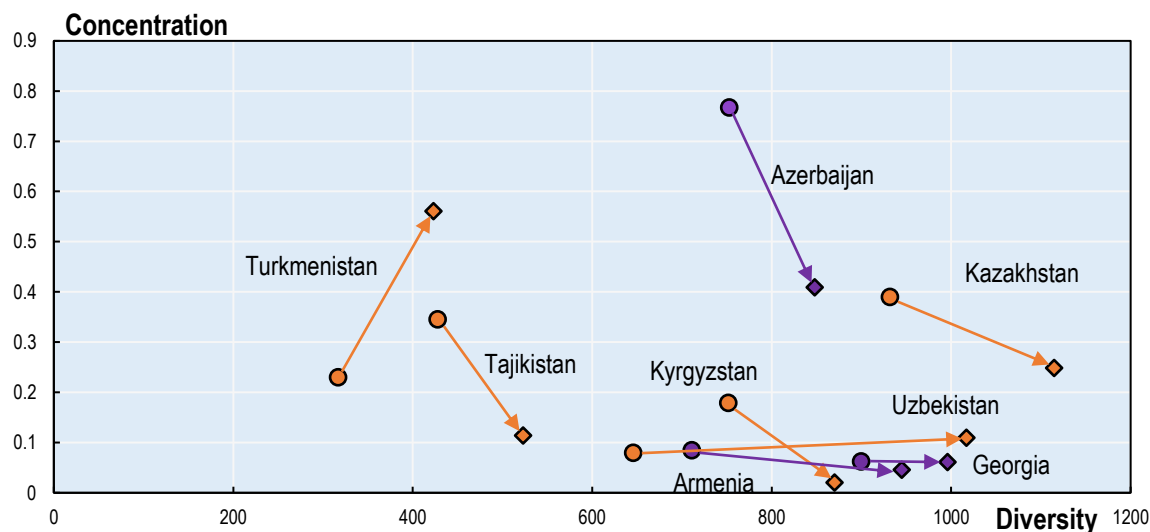
Note: The HHI is an index, traditionally used to assess the concentration of markets for competition regulators, with a value of 0.15 corresponding to low concentration, 0.15-0.25 a moderate concentration, and above 0.25 a high concentration. When measuring export diversification, a concentration of 0.10 still indicates a high concentration. The HHI being a non-linear indicator, a 0.1 change does not represent the same gap at different levels of concentration.

Source: OECD calculations (2024) based on OEC data (Observatory of Economic Complexity, 2024^[10]).

Kazakhstan also shows an interesting case of relative de-concentration (rather than diversification) of exports. If between 2010 and 2019 the concentration of hydrocarbon products in its exports increased, the latter shifted towards an increased share of metals between 2019 and 2022, accounting for a lower concentration of the country's export basket (Figure 1.2 and Figure 1.5). Nonetheless, if metals are included, the average share of primary commodities between 2010 and 2023 constitutes on average 87% of exports (Observatory of Economic Complexity, 2022^[11]). (Observatory of Economic Complexity, 2024^[7]).

Figure 1.5. Evolution of export diversification in Central Asia and the South Caucasus, 2010 and 2022

HHI, normalised; number of exported products



Note: The concentration of exports is measured with a normalised Herfindahl-Hirschman index (HHI) on exported products classified according to the HS 4-digit system. Diversity is measured as the number of exported products according to the HS 4-digit system. The circle marker represents 2010 data, while the square marker is used for 2022 data.

Source: OECD calculations (2024) based on OEC data (Observatory of Economic Complexity, 2024_[10]).

Commodity reliance both reflects and intensifies the underdevelopment of the private sector, especially small and medium enterprises (SMEs) (OECD, 2021_[12]). Larger firms usually predominate in mining and manufacturing due to capital intensity, high barriers to entry and exit, and economies of scale (OECD, 2017_[13]; OECD, 2019_[14]; OECD, 2022_[15]). On the other hand, SMEs are more involved in services (as of January 2024, 74% of registered SMEs worked in services sector) with retail commerce, transportation and real estate being the most prominent types of activities (QazStat, 2024_[16]). However, due to a lack of data, the share of SMEs, compared to other types of enterprises, in the services sector is not available. In the export sector, they mainly act as intermediaries in commodity trade. Between 2020 and 2022, SMEs accounted for around 25% of export revenues, somewhat above the 20% level recorded in 2016 but still well below their shares of GDP (36.5% in 2022) and employment (45.8% in 2022), and their exports were mainly concentrated in the oil and grain sectors (ADBI, 2019_[2]; OECD, 2024_[17]). Productivity and connectivity barriers therefore keep SMEs' contribution to exports marginal, and below that of neighbouring countries, such as Kyrgyzstan and Uzbekistan, where the SME share of exports averaged 36.7% and 25.8%, respectively, over 2015-2019 (State Committee on Statistics, 2021_[18]; National Statistical Committee, 2021_[19]; OECD, 2023_[6]).

The nature of the country's export basket and its geography translate into a low level of integration into global value chains (GVC). Kazakhstan's reliance on commodity exports and higher relative trade costs is reflected in the country's declining participation in GVCs over the last decade. While the country is substantially forward integrated into other countries' exports as a supplier of primary and intermediate inputs, especially raw materials (hydrocarbons and metals), the country's backward integration into GVCs is weak: between 2008 and 2020, the share of foreign value added in Kazakhstan's exports has decreased from 18.3% to 14.6%, well below the OECD average of 26.7%. When GVC participation is measured through the domestic value added driven by foreign final demand, Kazakhstan's participation is at 25.4% in 2020, below the OECD average of 29.8% (OECD, 2023_[20]). In addition, Kazakhstan's relative remoteness from major markets and trade routes (distance penalty) and its persisting connectivity

challenges further reduce the global competitiveness of its non-extractive sectors and is likely one reason for the very small share of more sophisticated capital goods, such as machinery, in the country's exports (around 3% in 2022) (Observatory of Economic Complexity, 2022^[11]; OECD, 2023^[6]; OECD, 2023^[9]).

Figure 1.6. SME contribution to GDP and employment in Kazakhstan



Source : (National Statistics Bureau, 2022^[21]; DAMU, 2020^[22]).

Russia's full-scale invasion of Ukraine has reinforced the need for Kazakhstan to diversify trade routes

Kazakhstan's trade performance has proven surprisingly resilient despite sanctions on Russia, though significant downside risks remain

Close ties with Russia leave Central Asia vulnerable to political and supply risks, especially secondary sanctions, despite government assurances to comply with Western sanctions. Kazakhstan and other Central Asian countries have emerged in 2023 in better shape than initially anticipated following Russia's full-scale invasion of Ukraine (OECD, 2023^[6]). However, they remain exposed to trade, freight transit and investment risks due to close political and economic integration with Russia (ITF-OECD, 2019^[23]; OECD, 2022^[24]). The evidence suggests that, faced with sanctions, Russian enterprises have sought to overcome import barriers, including for technological goods, by diverting flows to Russia through Central Asia and the South Caucasus (World Bank, 2023^[25]; EBRD, 2023^[26]; German Council on Foreign Relations, 2023^[27]).

As Russian firms move away from established supply lines, Central Asian economies are increasing trade with Russia by exporting their products and providing transportation and re-exporting services (EBRD, 2023^[28]) (EBRD, 2023^[29]). For instance, in the first five months of 2023, Kazakhstan's exports to Russia showed a 45.1% year-on-year increase. Over this same period, Kazakhstan's imports from the European Union (EU) and United Kingdom (UK) increased by 82.8%, and imports from non-EU/non-EAEU countries by 72.6%, especially for sanctioned or dual-use goods, suggesting a substantial uptick in re-exports (Bureau of National Statistics, 2023^[30]). However, in parallel, Kazakhstan has introduced a ban on exports of more than 100 dual-use items in October 2023 to ensure conformity with the international sanction regime (KazTag, 2023^[31]).

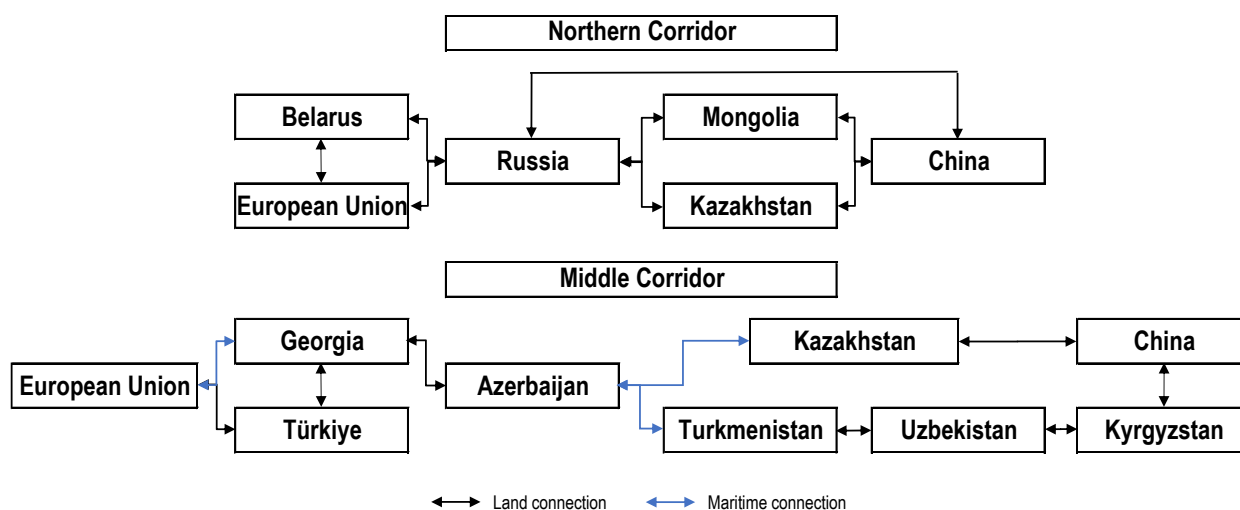
Russia has remained an important trade partner for Kazakhstan. Though sanctions are raising the cost of trade for the region, Russia remains an important transit country for Kazakhstan and its Central Asian neighbours, with over 80% of Kazakhstan's oil exports transiting through Russia in 2022, despite efforts to find alternative routes (Reuters, 2023^[32]). Moreover, Kazakhstan's bilateral trade with Russia benefits from the Eurasian Economic Union (EAEU), a common customs area with unified technical standards and standardised gauge width for rail traffic, while Russia's war in Ukraine has exacerbated Central Asia's distance from global value chains and major trade routes.

Regional connectivity discussions have gained renewed political momentum in Kazakhstan and across Central Asia

Sanctions against Russia have reinvigorated discussion of potential alternative land routes between China and the EU, transiting through Central Asia. Until February 2022, most overland freight transport from China to Europe passed through what is known as the Northern Corridor, transiting predominantly through Russia and Belarus, with rail offshoots running through Kazakhstan and Mongolia (Figure 1.7). Until the war, this route was the most well-established and frequently used trade, transit, and logistics infrastructure linking Asia and Europe, also benefitting to Kazakhstan with more than 80% of Eurasian rail freight transiting through its territory (ITF-OECD, 2019^[23]).

Kazakhstan also benefitted from a renewed interest, due to its key location on an alternative trade route: the Trans-Caspian International Transport Route (TITR), also known as the Middle Corridor. This multimodal route connects Asia to Europe by traversing Kazakhstan and crossing the Caspian Sea to Azerbaijan, Georgia and onwards to Europe through the Black Sea and Türkiye. Given sufficient investment and smoother procedures to reduce transport costs, the route could become an attractive complementary trade route linking Kazakhstan to Europe, one of its main trading partners, and also boosting regional trade. However, the route's current transport and logistical capacity is limited due to insufficient infrastructure, a weaker operational and trade facilitation environment, and inadequate regional, national, and supra-national stakeholder co-ordination (OECD, 2023^[9]).

Figure 1.7. Northern Corridor and TITR schematic routes



Source: (OECD, 2023^[9]).

The TITR offers Kazakhstan an opportunity to leverage its strategic regional position. Bordering China and Russia, Kazakhstan is located at the crossroad of major trade routes, such as the Northern Corridor and the North-South corridor to Iran, and it represents an entry point to the Central Asia -

Caucasus regional market. If so far more than 80% of Eurasian rail freight transits through Kazakhstan, developing the TITR could further develop freight through Kazakhstan's access to the Caspian Sea (ITF-OECD, 2019^[23]; OECD, 2023^[9]). In 2022 alone, Kazakhstan's Caspian Sea cargo transportation volumes increased 6.5-fold compared to 2021 to 891 thousand tons, while overall container shipments along the TITR increased by 33% reaching 33.6 thousand TEUs in 2022 (Port Aktau, 2023^[33]; Adilet, 2022^[34]; Port Aktau, 2023^[35]). During the first seven months of 2022, Kazakh exports through the Caspian also increased 9-fold year-on-year, although businesses reported operational difficulties and congestion in ports (Astana Times, 2022^[36]; OECD, 2023^[9]).

Participation in the TITR is expected to produce positive spill-over effects on Kazakhstan's economy. Improved logistics services could reduce Kazakhstan's overall transit dependence on Russia and boost its trade capacity, with an expected increase by 70 million tonnes (mt) of its exports by 2030 compared to 2021 (World Bank, 2023^[37]). In turn, a better capacity to export will bring new opportunities to promote industries producing more sophisticated processed goods and contribute to the diversification of the country's trade basket (OECD, 2023^[6]). If Kazakhstan's distance penalty to major markets, such as Europe, cannot be fully eliminated, participation in the TITR can nonetheless improve regional transport connectivity, reduce trade costs, and increase trade volumes.

However, if the TITR can bring a substantive increase in regional trade, at the international level, it will remain an alternative trade route. The TITR's geography requires more multi-modal switches between road, rail, and maritime transport, as well as more border crossings, than the Northern Corridor. Even if the route could in the long run be shortened, it suffers from a lack of attractiveness for the private sector. In addition, with its current capacity, the TITR can only absorb around 5% of the 100 million tonnes that were carried through the Northern Route (ITF, 2022^[38]), and this share is not expected to grow beyond 11% by 2030 (World Bank, 2023^[37]). However, at the regional level, the development of the route could better integrate economies of Central Asia and the Caucasus, and contribute to the further development of local growth poles (OECD, 2023^[9]). In particular, if the development of the route leads to an improved integration of the region's economies into GVCs.

Realising the potential of the TITR as a regional trade route will require substantial investment in transport infrastructure and better “soft” trade facilitation arrangements. If transit through the Caspian littoral countries has more than doubled since February 2022, the lack of adequate road, rail, and maritime infrastructure as well as trade facilitation agreements along the route has led to severe port and border point congestion (The Jamestown Foundation, 2023^[39]). Developing the TITR as a viable route will require national and regional reforms in relation to regional integration, infrastructure, trade facilitation, and supranational co-ordination (OECD, 2023^[9]).

To develop new trade routes and diversify exports, Kazakhstan needs to support the further internationalisation of its SMEs and regional integration efforts

Kazakhstan has developed an institutional and policy framework for export promotion, but dedicated export promotion support for SMEs remains modest

Over recent years, Kazakhstan has developed an array of institutions responsible for formulating and implementing trade and export promotion strategies, and it has begun providing firms with the capacity-building and financial support measures needed to export. Under the supervision of the Ministry of Trade and Integration (MTI), QazTrade is the main implementing body, along with private-sector representatives such as the Chamber of International Commerce (CIC) which is part of the National Chamber of Entrepreneurs of Kazakhstan (Atameken). However, the support on offer lacks a dedicated SME-focus, while the absence of complex monitoring and evaluation processes prevents a more effective

allocation of government resources. Finally, sparse trade representation channels abroad, as well as of a clear branding of Kazakh products, further reduces the reach of the country's exports.

Developing dedicated SME export promotion policies and SME-specific advisory and financial support services, as well as expanding Kazakhstan's branding and trade representation network abroad would better support SME exports. Addressing the lack of an integrated SME component in Kazakhstan's export promotion strategy design, implementation, and evaluation would help promote export diversification and SME development. This would require the government to: (i) clarify and expand the institutional export promotion framework for SMEs; (ii) expand capacity-building and financial instruments for exporting SMEs; and (iii) expand the export promotion network abroad and provide a clear branding strategy in target markets in co-operation with the private sector.

Kazakhstan has developed several online portals to enhance export promotion reach and effectiveness for SMEs, but access to information remains scattered

Kazakhstan has developed several online trade and export support portals, such as the Single Window for Export-Import Operations, the Kazakhstan Trade Portal, the Trade Facilitation Information Portal, as well as the ASTANA-1 customs border portal and the Keden online customs clearance system, providing firms with e-permits, information, references, and documents related to exports (Atameken, 2019_[40]). However, this has resulted in an overlap of tools and a dilution of available support to exporting firms, especially SMEs. Access to information remains scattered and difficult for many SMEs within the institutional internationalisation ecosystem.

Further enhancing the effectiveness and reach of Kazakhstan's online trade and export support tools requires developing a unified cross-government approach and enhancing public-private co-operation to address informational barriers and encourage regional exports. Unifying the export promotion support ecosystem around a single supervising authority, which could then develop incrementally a one-stop shop (OSS), would allow the government to enhance the reach of existing support tools. The gradual implementation of a national online OSS, supplemented by regional physical points of contact, would contribute to the effectiveness of Kazakhstan's internationalisation ecosystem. Doing so would require the government to: (i) develop a unified cross-government approach to online trade and export promotion tools; and (ii) integrate relevant public and private stakeholders at regional and national levels into OSS design and implementation.

Deeper regional integration will help Kazakhstan and its neighbours exploit the economic opportunities offered by new economic corridors

Kazakhstan has developed trade and transit policies to capitalise on the country's advantageous position in major transregional trade routes. It has developed cross-border co-operation hubs (CBC) with its most immediate neighbours. The "Caspian Knot" hub, covering Kazakhstan's two Caspian Sea ports and including a special economic zone (SEZ), has received particular attention in the context of the development of the TITR. However, the Caspian Knot has not yet reached its full potential due to gaps in infrastructure and trade facilitation arrangements, limited private-sector involvement, and the lack of arrangements for monitoring and evaluation.

Improved regional co-ordination, private-sector involvement in infrastructure development, and evaluation mechanisms are needed to develop the potential of Kazakhstan's Caspian Sea ports. Diversifying trade and transit across new corridors will require sufficient private and public-sector involvement for Kazakhstan to develop its domestic trade and transit infrastructure and intensify regional integration. The CBC hubs, and in particular Kazakhstan's Caspian ports of Aktau and Kuryk, are an integral part of this ambition. Further developing their potential will require developing (i) co-operation mechanisms on the domestic and transnational levels to develop Caspian port infrastructure and improve

trade facilitation; (ii) an institutional framework and practices to increase private sector participation in the development of the Caspian Knot; and (iii) a comprehensive monitoring and evaluation system for CBC hubs and SEZs and integrate their outcomes into the policy cycle.

This report aims to support Kazakhstan's efforts to diversify its trade profile and routes, with a focus on SME internationalisation and regional integration

At the request of the government, this report focuses on practical aspects of export diversification. Based on recent OECD work and interviews with public and private stakeholders (see Methodology), the report analyses Kazakhstan's efforts to develop export promotion policies for SMEs (Chapter 2), to create a one-stop shop for exporting SMEs (Chapter 3), and to improve the cross-border co-operation hub on the Caspian Sea (Chapter 44). Chapters 2 to 4 of this report analyse the current institutional and policy arrangements, outline key challenges, and provide targeted policy recommendations (Table 1.1).

Table 1.1. Overview of identified reform priorities

Policy area	Improve export promotion policies to support the internationalisation of SMEs	Develop a one-stop shop for exporting SMEs	Improve transport infrastructure and trade facilitation arrangements in Kazakhstan's Caspian ports
Recommendations	Clarify and expand the institutional export promotion framework for SMEs	Develop a unified cross-government approach to online trade and export promotion tools	Develop co-operation mechanisms on the domestic and transnational level to develop Caspian port infrastructure and improve trade facilitation
	Domestic export promotion actors should expand capacity-building and financial instruments for exporting SMEs	Integrate relevant public and private stakeholders at regional and national level into OSS design and implementation	Develop an institutional framework to increase private sector participation in the development of the Caspian Knot
	Expand the export promotion network abroad and provide a clear branding strategy in target markets in co-operation with the private sector		Develop a comprehensive monitoring and evaluation system for CBC hubs and SEZs that feeds into the policy cycle

Source: OECD Analysis (2024).

Findings from this report are drawn from data collected between November 2022 and June 2023 (see Methodology). This report summarises the OECD assessment of both the legal and institutional framework and the practical aspects of export diversification in Kazakhstan as of 2023. A number of changes to the legal, institutional, and practical framework for export promotion have been made since then. These have been closely followed, but they are not assessed here, because their practical effects are expected to take time to materialise. For instance:

- The Ministry of Industry and Infrastructure Development (MIID) was split into the Ministry of Transport and the Ministry of Industry and Construction in September 2023. It remains unclear how the export promotion mandate of the former ministry has been reallocated (Chapter 2). The report therefore continues to refer generically to the MIID (“then-MIID”);
- The MTI has recently appointed sales and trade representatives in priority foreign target markets, but it is too early to assess their track record in helping promote Kazakhstan's products abroad and connect the country's exporters to clients in foreign markets (Chapter 2).
- While the new law on export credit agencies (Chapter 2Box 2.5) entered into force in March 2024, the new prerogatives it grants to KazakhExport have not yet been fully implemented, and the effect on firms will only be felt at a later stage.

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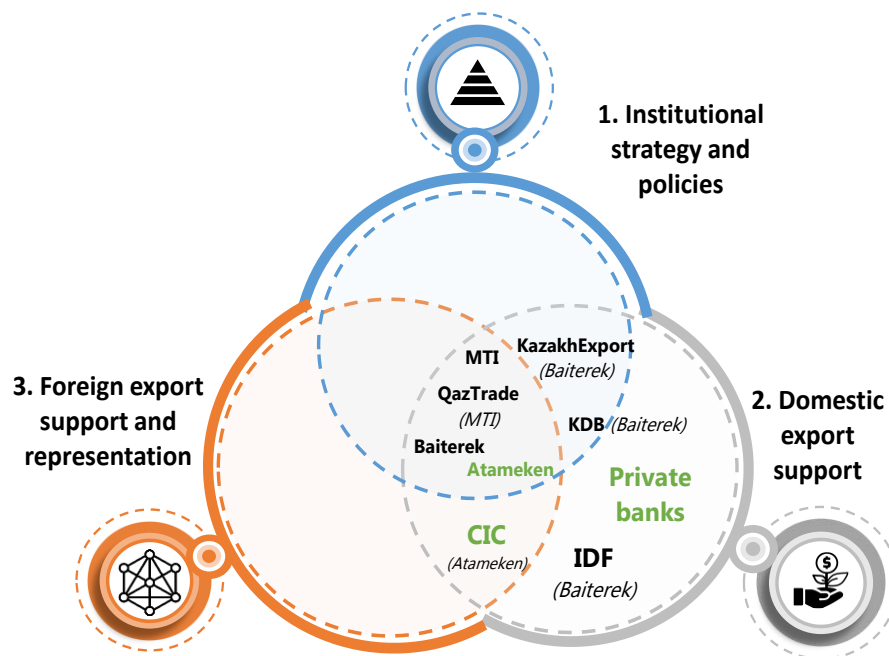
2 Improving SME export promotion

Promoting SME internationalisation is an important feature of Kazakhstan's agenda to diversify its export structure and target markets. This chapter analyses the export promotion framework for SMEs, with a particular focus on the institutional and strategic arrangements, the advisory and financial support services available to SMEs, and the scope of Kazakhstan's foreign trade representation network.

Kazakhstan has developed a supportive institutional and policy framework for export promotion

As part of Kazakhstan's efforts to diversify its economy, most elements of a robust export promotion framework have been put in place. This includes clearly identified institutions in charge of policy design and implementation, as well as a broader network of public and private actors providing exporting firms with capacity and financial support (Figure 2.1). However, these activities for the most part lack a specific SME dimension, while other activities, such as monitoring and evaluation, branding, and certain financial instruments are not yet developed.

Figure 2.1. Overview of Kazakhstan's institutional export promotion framework



Note: Green indicates a private sector entity. Entities in brackets indicate the overarching body. QazStandard was not added to this chart, as its mandates only covers certification of products, and not export promotion *per se*.

Source: OECD analysis.

The Ministry of Trade and Integration (MTI) co-ordinates most state entities involved in export promotion; it analyses and monitors export activities, and develops regulatory proposals and other measures to enhance exports, though not necessarily targeting SMEs. Within the structure of the MTI, the QazTrade Centre for Trade Policy Development provides exporting SMEs with the full range of non-financial measures of state support, including consulting services, analytical and information support, acceleration programmes, access to international trade platforms, service support measures (organisation of trade missions, national stands at international exhibitions and trade fairs, etc), and partial reimbursement of costs related to: transport of products abroad, international certification, brand registration and advertising (QazTrade, 2022^[1]). The Kazakhstan Chamber of International Commerce (CIC) also referred to at times as the Foreign Trade Chamber (FTC) of the National Chamber of Entrepreneurs "Atameken", in turn, also provides consulting and analytical services, and registration of *force majeure* for exporters on a fee basis. (Atameken, 2022^[2]; Chamber of International Commerce of Kazakhstan, 2022^[3]).

Box 2.1. Supporting the internationalisation of SMEs through dedicated export promotion frameworks

For governments, the development of a national export strategy and export promotion framework can be an efficient way to identify priority sectors and target countries for export growth. Such a strategy relies on a careful assessment of the potential contribution of exports to economic growth, the sectors with the highest export growth potential, and the priority destination markets, as well as monitoring and evaluation of export promotion policies. The institutional framework should combine public and private stakeholders at home and abroad and be complemented by domestic measures to support SMEs that are seeking to start or increase exports, and representation abroad to link exporters with foreign buyers.

Within this export framework, public and private actors can provide a broad array of measures, including developing export infrastructure, expanding the trade representation network abroad, providing export insurance and financial support, offering advisory services to improve knowledge of export processes and foreign markets, and monitoring the impact of export institutions and measures. Export promotion policies generally seek to help SMEs address asymmetric information, capacity gaps and market failures when exporting; foster spillovers, technology sharing, and learning-by-doing for exporters; and identify and leverage competitive advantages. These overarching dimensions can be divided into policy-making, soft services (such as promotion and networking activities, national branding strategies, sector-specific analyses, and trainings), and financial support and risk mitigation measures, which themselves can be translated into specific support activities for SMEs (Figure 2.2).

Figure 2.2. Typical functions of an export promotion framework

Overarching dimensions		Support activities for SMEs looking to start or increase
POLICY-MAKING	Strategy design and monitoring	<ul style="list-style-type: none"> • Diagnosis of export opportunities and barriers • Design and monitoring of strategy and action plans to address them • Involvement of relevant public and private stakeholders
SOFT SERVICES	Marketing and outreach	<ul style="list-style-type: none"> • Promotion activities e.g. participation in fairs, prospective missions • Networking activities in target countries • National branding
	Consulting and skills for exporting	<ul style="list-style-type: none"> • Information and sector-specific analyses of target markets • Legal services • Trainings and seminars to build export-related skills • Creating linkages between importers and exporters
FINANCIAL	Financial support	<ul style="list-style-type: none"> • Export working capital credit at preferential rates • Grants for export-related activities • Other financing instruments
	Risk management	<ul style="list-style-type: none"> • Guarantees on export credits • Export credit insurance • Export risk assessment

Source: OECD analysis adapted from (Lederman D., 2006^[4]; Belloc and Maio, 2011^[5]).

In principle, firms from all sectors and industries can receive export promotion support. Benefitting from the financing of DAMU, Kazakhstan's Entrepreneurship Development Fund, the Export Insurance Company KazakhExport JSC's mandate is to support firms of any size in non-extractive industries, with however the food industry, machinery, and metallurgy receiving around 80% of the support provided (KazakhExport, 2022^[6]). The Development Bank of Kazakhstan (KDB), and the Industrial Development Fund (IDF) only support large manufacturing exporters (Baiterek, 2021^[7]).

However, targeted reforms could further support SME internationalisation

Even if an increasing number of SMEs are exporters, assistance in overcoming export barriers is required to maintain the internationalisation profile of already exporting SMEs and bring new SMEs to internationalise. According to QazTrade data, SMEs represent around 75% of exporting firms and their share in aggregate export revenues has remained stable at around 25%. In 2021, in Germany, by contrast, SMEs represented about 97% of all exporting firms, and generated about 24% of export revenues, and in France, they represented respectively 96% and 24% (Eurostat, 2023^[8]). The data thus suggests that if Kazakhstan's SMEs are generating a comparable share of export revenues, compared to their OECD peers, fewer SMEs have yet internationalised.

With targeted support, SMEs in Kazakhstan can play a prominent role in supporting the government's ambition to increase and diversify exports. SMEs' size allows them to innovate more and adjust more quickly to a changing trading environment than larger firms, while also being key contributors to job creation, especially in the trade sector, and GDP (OECD, 2019^[9]). Targeted government support can help offset SMEs' more limited capacities, knowledge and resources compared to larger firms (OECD, 2020^[10]). In particular, support should help already exporting SMEs reach new markets, while supporting new SMEs internationalise.

In Kazakhstan, enabling SMEs to grow and internationalise will require adapting and enhancing the export promotion framework and policies to address more effectively the specific needs of SMEs. Based on recent OECD work, and interviews with public and private stakeholders in Kazakhstan (see Methodology), this chapter focuses on three key dimensions of export promotion frameworks: (i) the institutional and policy architecture; (ii) the provision of capacity-building and financial instruments to help SMEs overcome barriers to exports, including legal and consulting advisory services, on how to prepare for and manage export processes; and (iii) the existence of foreign trade representation to connect domestic exporting SMEs with foreign buyers.

Dedicated SME export promotion strategies, policies, and institutions would enable Kazakhstan to better tailor its support and thus encourage SME exports

Challenge 1.1: Kazakhstan's export promotion framework could be strengthened by developing an integrated strategy, a focus on SMEs, and a systematic evaluation system

Kazakhstan's export promotion strategy seems to lack a clearly defined and integrated approach involving all stakeholders

Existing strategies for export promotion could better define objectives. The past *National Export Strategy* (NES) 2018-2022, the *Kazakhstan 2050 Strategy*, the *Programme for Industrial and Innovative Development* (SPIID) 2020-2025, the *Law on Industrial Policy*, and the *Code of Entrepreneurship* all cover export promotion, but their main objectives are vague, mainly setting targets for increased non-commodity trade turnover, without setting out specific financing measures or designating the bodies responsible for implementation. Best practices among OECD and partner countries show that most successful export promotion strategies outline clear principles and objectives, and clearly define institutional mandates. If the export promotion responsibility is shared among multiple ministries, representatives of each should be included in the strategy-development process alongside other actors, while the private sector should also be given a voice, starting with the consultation of a wide and representative range of business organisations or chambers of commerce during strategy design (EESC, 2018^[11]).

Mandates for export promotion are not clearly defined, nor are all relevant actors involved in strategy design and implementation. The Ministry of National Economy (MNE) is responsible for export

strategy development and the former Ministry of Industry and Infrastructural Development (then-MIID) for its implementation. However, the MTI and Ministry of Foreign Affairs (MFA) took auxiliary roles in both the NES design and its implementation, even if in practice the MTI is the key supervising institution on export matters, and the MFA is entrusted with the identification and development of new target markets. QazTrade, Baiterek, and Atameken and their sub-bodies are responsible for and active in export promotion, though their responsibilities within the NES were ambiguous. In addition, the private sector's involvement in developing the export strategy appears limited, with Atameken and expert councils having only a limited role in commenting draft laws, strategies and regulatory acts, and little opportunity to provide inputs (Adilet, 2016^[12]).

Recent trade and business strategies do not contain specific provisions to support SME exports

Indeed, despite the NES's targets to increase non-commodity exports, the strategy lacked a dedicated SME pillar, as well as concrete roadmaps or action plans to develop SME exports. The SPIID 2020-25 touches upon SMEs only within the mining and metallurgy sectors, Strategy 2050 does not include SMEs within the export strategy at all, and the Law on Industrial Policy focuses only on the promotion of manufacturing exports. The *Business Road Map 2020* aimed at developing the export of agricultural products and included some financial support for exporting SMEs in the manufacturing sector, though the *Business Road Map 2025* lacks such measures (DAMU, 2017^[13]; Adilet, 2022^[14]). Though SMEs are within the scope of many export promotion activities provided by public and private institutions in Kazakhstan (Table 2.1), OECD interviews indicated that uptake by SMEs of the support on offer is still very limited. Moreover, PPD mechanisms appear limited to business chambers and experts; they thereby risk incorporating only part of SME needs.

Table 2.1. Overview of export promotion activities in Kazakhstan

FUNCTIONS	EXPORT PROMOTION MEASURES AND POLICIES	MAIN EXPORT PROMOTION ACTORS							
		Main export promotion beneficiaries (targets)							
		MTI	Qaz Trade	CIC	Kazakh Export	DAMU	KDB	IDF	
Policy-making - Strategy design and evaluation	Design and monitor strategy and action plans	Large firms							
	Diagnose export opportunities and barriers	Large firms			Large firms		Large firms	Large firms	
	Involve relevant public and private stakeholders		SMEs	SMEs					
Marketing and outreach	Provide promotion activities (fairs, missions)		SMEs	SMEs					
	Set up networking activities in target countries		SMEs	SMEs					
	Conduct national branding								
	Certify products and services			SMEs					
Consulting and skills for exporting	Give information and sector analyses of target markets		SMEs	SMEs					
	Provide legal services								
	Conduct training and seminars to build export-related skills		SMEs	SMEs	SMEs				
	Create linkages between importers and exporters				SMEs				
Financial support	Offer export working capital credit at preferential rates				SMEs	Not anymore	Large firms	Large firms	
	Provide grants for export-related activities								

FUNCTIONS	EXPORT PROMOTION MEASURES AND POLICIES	MAIN EXPORT PROMOTION ACTORS							
		Main export promotion beneficiaries (targets)							
		MTI	Qaz Trade	CIC	Kazakh Export	DAMU	KDB	IDF	
	Offer other financing instruments				SMEs	Not anymore	Large firms	Large firms	
Risk management	Offer guarantees on export credits								
	Provide export credit insurance				SMEs				
	Assess export risks				SMEs				

Source: OECD analysis.

The absence of advanced monitoring and evaluation processes seems to limit the impact of export promotion institutions and policies

While trade and export promotion strategies include a monitoring component, reporting in Kazakhstan is largely focused on inputs. For instance, QazTrade, KazakhExport, Atameken and the CIC provide information on the number of firms assisted, financial support committed, the number of outreach activities undertaken, and participation at fairs supported; or the number of reports provided (QazTrade, 2022^[15]; Atameken, 2022^[16]; KAZCIC, 2022^[17]; Qazaqstan Exportal, 2022^[18]). QazTrade does track the output of certain activities, such as the value of contracts signed during outreach activities, and KazakhExport measures financial support allocated to firms and their export earnings, both of which provide a basis on which to assess policy outcomes and impacts.

In addition, it remains unclear how these results feed into the analysis of the effectiveness of measures and the realignment of priorities. No business surveys appear to be undertaken after firms received support from QazTrade, KazakhExport, or other agencies, though this is pivotal to understanding the changing needs of firms and the effectiveness of government support. Atameken/CIC follows up with firms to assess their satisfaction with the support they receive, but they do not measure the impact of services provided on business performance. Finally, evaluation outcomes are rarely made public by the different agencies, while most information online appears out of date.

Recommendation 1.1: Clarify and expand the institutional export promotion framework for SMEs

Action 1: Clarify and streamline the mandate of stakeholders involved in export promotion strategy design and implementation

Kazakhstan could clarify the roles of stakeholders within the internationalisation framework and expand the range of those included to create a more inclusive overarching export promotion structure for SMEs. In particular, the role of the MTI could have been formally clarified within the NES design and could bring together all ministries and bodies responsible for export promotion, as Denmark has done under its MFA (Box 2.2). In addition, the MFA should be consulted in all export promotion-related policies. The entities responsible for implementing export promotion strategies should also be clarified. For instance, the then-MIID was listed as the responsible entity for implementation of the NES, while the MTI, Baiterek and Atameken appear responsible for export promotion. These two responsibilities overlap considerably and should be aligned. For instance, the MTI could be given the role of supervising institution for implementation, with common cross-ministerial working groups created for specific aspects of the export strategy, including export promotion, and regular reporting from implementing bodies such as Baiterek and Atameken.

The elaboration of roadmaps, action plans, and key performance indicators (KPIs) would also improve matters. Kazakhstan's regular export strategies should be concretised in roadmaps and

associated action plans, with all relevant entities, objectives, and KPIs clearly set out. The government should ensure that the monitoring and evaluation system for each entity is clarified and standardised, and that it includes private sector consultation. The government could build on the Investment Policy Concept of the Republic of Kazakhstan until 2026, which succeeds the National Investment Policy 2018-2022 and includes the overall direction of the investment ecosystem, target indicators, and an action plan.

Box 2.2. Denmark's integrated export promotion framework

Denmark is considered a leading example of having created a well-structured and coordinated export promotion strategy:

- **Institutional framework:** The work of all bodies active in export promotion activities (embassies, consulates, the Trade Council, the Export Credit Agency (EKF), and Invest in Denmark) is unified under its MFA, the main entity responsible for export policies. It is responsible for designing the NES and the country's economic diplomacy strategy, which identify priority sectors for export promotion, in consultation with relevant public and private stakeholders.
- **Domestic support:** Responsibilities between the regional business development agencies or *Væksthus* and the Trade Council are clearly defined: in each of Denmark's regions, the *Væksthus* is responsible for making sure that a firm has the necessary capabilities to start exporting, while the Trade Council supports the firm on its journey towards exports. The *Væksthus* are owned and funded by local governments and operate as independent commercial foundations. The Trade Council nominates an expert for each of Denmark's five regions to ensure close co-ordination with the regional agencies. The experts and regional agencies consult with firms looking to internationalise and determine their export readiness. If a firm's export potential is identified, the expert connects the company with other Trade Council experts to provide further support. Denmark also developed an indicator to measure the effectiveness of export promotion for all employees working in a specific sector, body, or area. The Trade Council provides information, advisory services, and financial support to around 3,000 SMEs annually.

Source: (EESC, 2018^[11]; Trade Council, 2022^[19]).

Action 2: Integrate SME needs and support into export promotion strategies and policies

Kazakhstan should consider including SME-specific measures in all export strategy and policy documents. While OECD countries generally have embedded export promotion strategies for SMEs into their policy frameworks or addressed SME internationalisation within equivalent documents (OECD, 2023^[20]), dedicated export support measures concerning SMEs in Kazakhstan are sparse, and current policies tend to focus on medium or larger enterprises without providing a dedicated focus on the needs of smaller firms. The government could design a dedicated SME dimension in the upcoming national export strategy with a roadmap and sector breakdown, involving SME representatives in the process. Based on this overarching policy document, all related trade strategy and policy documents, or amended programmes could then incorporate SME-related programmes in their respective fields.

Box 2.3. Evaluating export-promotion policies and measures in France

In 2015, the French export promotion agency (EPA) Business France revised its approach to export development services and transitioned from quantitative and input-focused KPIs towards user-needs and outcome-based indicators to ensure more visibility.

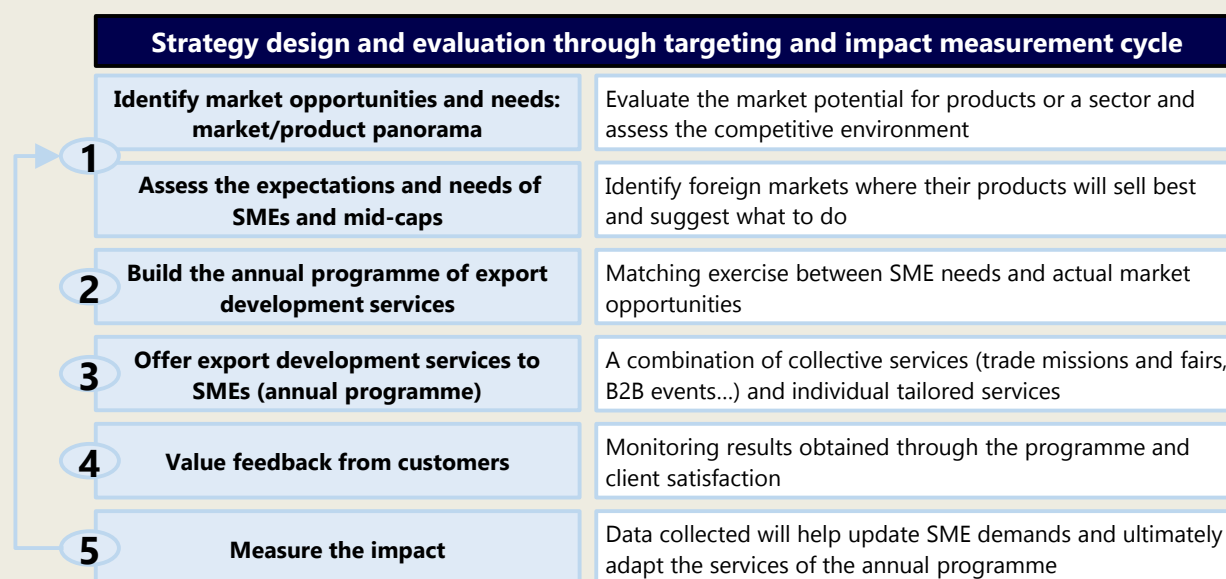
Value feedback from customers (external KPIs)

Evaluation of businesses' appreciation of the export services they received is part of the "Objective and Means Contract" signed between Business France and its supervising Ministries for a period of four years. The contract sets the KPIs and quantified objectives over that period, and reporting of progress is done quarterly every year. The feedback scheme is run with a specific budget financing a dedicated internal team, as well as independent research institutes, and consists of: (i) customer focus group and roundtables moderated by external experts; (ii) studies and reports to propose solutions for specific needs in cooperation between the internal team and external experts; (iii) online evaluations after each service delivery; (iv) and an "impact barometer" assessing the long-term impact of services in terms of business generation and job creation.

Assessing the efficiency of export promotion services (internal KPIs)

The "impact barometer" is built on quantitative and qualitative measures, as well as exporter surveys. These include macroeconomic indicators (total SME exports, share of SMEs in total exports), and purely output based indicators (number of SMEs supported by the EPA through collective events or individual support, number of new business contracts after one and two years following the first business contact facilitated by the EPA, new export markets, and additional turnover).

Figure 2.3. Targeting and impact measurement cycle



Source: OECD analysis, (Business France, 2017_[21]).

Kazakhstan could develop regular public-private dialogue (PPD) mechanisms that include SMEs. Kazakhstan could build on the recent experience of Azerbaijan, Georgia, the Republic of Moldova, and Ukraine which incorporated PPD consultation processes when preparing SME internationalisation strategies. For instance, QazTrade could head such an initiative and liaise with the MTI, MNE, MFA, Baiterek, Atameken, and SME representatives. Systematic dialogue mechanisms would ensure the government is up to date on the needs of SMEs looking to internationalise and can adapt its policies accordingly. In addition, to ensure a wide reach, agencies and business associations could support SME participation upfront through dedicated outreach and partially offset attendance costs (e.g. *per diems*).

Action 3: Develop integrated and outcome-based monitoring and evaluation processes to assess and adapt the work of export promotion institutions

A constantly evolving trade environment requires export-promotion bodies to reassess and realign priorities regularly and to provide timely and adequate support (EBRD, 2023^[22]). For instance, QazTrade could develop and systematise export surveys and launch formal surveys of businesses at various stages of the export cycle as it is done in France and other OECD countries (Box 2.3). This would allow QazTrade to better assess the impact of export-promotion activities, understand the concrete needs of exporting businesses, and adapt funding and service allocation accordingly.

Kazakhstan could then transition to a more complex and outcome-based monitoring system, covering all bodies providing export promotion support. Entities providing advisory, capacity-building, and financial support activities, such as those under Baiterek and Atameken, would be regularly and systematically reviewed based on an agreed set of actionable KPIs defined at the market, sector, or company level, depending on the priorities selected for export promotion (OECD, 2017^[23]). Feedback loops can be further developed to include trade houses and diplomatic missions as Kazakhstan expands its export promotion framework abroad. This could also help gather more inputs and insights from actors that are present and active in target markets.

More developed SME-specific advisory and financial support services could help SMEs overcome export barriers

Challenge 1.2: The reach of existing export support appears to be limited despite recent improvements, and a lack of financial support seems to hamper SME internationalisation

Advisory and capacity-building services for exporting SMEs are increasingly available, but their reach and effectiveness are unclear

QazTrade has actively sought to help exporting businesses acquire market knowledge. Exporting SMEs (and those interested in exporting) have limited information about foreign markets and difficulties in accessing export distribution channels and contacting overseas customers (OECD, 2023^[24]). QazTrade has stepped up efforts to address this through the provision of relevant analytical information on its online portal and through the new Trade Facilitation Information Portal (tradeinfo.kz) launched in July 2022, which is an information and reference tool executing the WTO Agreement on Trade Facilitation norms. It provides firms with a description of procedures, forms and sample documents, and the relevant authorities, thereby complementing the 2018 Single Window for Export and Import Operations, which grants firms with 42 e-permits for the import and export of goods. Such centralisation of information and support provision on single windows, portals and websites provides a basis on which to make further improvements.

Kazakhstan has developed its capacity-building offer to firms, but their reach remains modest. QazTrade has successfully developed two accelerator programmes providing each participant with custom support to internationalise (Box 2.4) – a proven success factor in supporting exporting firms. However, the

application information provided on QazTrade's website is out of date, potentially limiting the programme's reach. Indeed, with 326 firms participating since its launch in 2020, the export programme's reach so far seems modest (Government of Kazakhstan, 2022^[25]; QazaqstanExportal, 2022^[26]). The online marketplace accelerator programme is even smaller, having supported 290 participants so far. In addition, since September 2022, with support from Ready4Trade Central Asia, the QazTrade Academy has been providing free e-courses on aspects of internationalisation. This is complemented by the Smart Export and Smart Export 2.0 programmes, a series of webinars and in-person workshops led by QazTrade, and organised with the support of Astana International Finance Centre in 2021 and 2022 to improve export capacities of SMEs in all stages of their internationalisation journey (QazTrade, 2022^[27]; Kapital, 2022^[28]).

Several online portal exist to provide information on export support, but the information provided remains scattered across multiple portals. QazTrade's portal so far refers only to SME support provided by itself or KazakhExport, excluding relevant resources from other public and private agencies, rendering access to useful information more difficult for SMEs (Chapter 3). QazTrade's portal does not provide a comprehensive step-by-step guide on how SMEs can start or increase exports, a tool often used by export promotion agencies by OECD and regional countries (OECD, 2017^[23]). In addition, both the QazTrade Academy and Smart Export websites remain isolated and could be better integrated into other relevant channels, including each other's social media channels (Telegram, Facebook, Instagram) and websites. QazTrade's Telegram channel includes regular updates on digests, analyses, and upcoming events such as webinars and training, but the reach seems limited with, at the time of writing, less than 1000 followers.

Box 2.4. QazTrade's accelerator programmes

Export Accelerator Programme

QazTrade has successfully developed a free accelerator programme for firms active in food production, light industry, machinery, chemicals, and service provision industries. It provides each SME with training, diagnostics, export strategy development, marketing, promotion, and foreign outreach support. 500 firms participated since the 2020 launch, signing contracts valued at USD 437 million in Kazakhstan's target markets (CIS markets, China, United Arab Emirates (UAE) and Saudi Arabia). The programme is growing to accommodate at least 210 SMEs annually from 2023 onwards.

E-Commerce Accelerator Programme

Kazakhstan provides direct support to promote start-ups and experienced entrepreneurs on online marketplaces abroad. Participants receive support on how to create and effectively use e-commerce sales channels. Since the programme was launched in 2019, 290 firms have received Gold Supplier accounts on Alibaba.com amounting to a USD 300 million turnover. Foreign buyers can find 7000 Kazakh products on the online platforms, which is set to expand, as QazTrade aims to support a further 70 SMEs each year.

Source: (Government of Kazakhstan, 2022^[25]; QazaqstanExportal, 2022^[26]; QazTrade, 2022^[29])

Finally, most support provided remains general and is not tailored to the specific challenges that SMEs face. While QazTrade and Atameken provide capacity-building services, informational analyses, and consulting services to firms looking to export, their service offer remains general, without a specification for SMEs (State Committee on Statistics, 2021^[30]). For instance, many OECD countries (e.g., France) and emerging economies, such as India, have developed SME-specific outreach and training activities to ensure that SMEs are aware of the services provided, and are able to make use of them. Market and sector analyses (including sectoral export barrier analyses) are also adapted to the perspective of SMEs, generally targeting more niche segments than larger firms. More generally, adapting available

export promotion tools to SMEs requires adopting their perspective, and making up for their lack of internal resources to map and understand their export potential, to understand and meet the regulatory requirements of target markets, to connect with potential buyers in foreign markets, or even to finance participation in training sessions. Finally, if Atameken/CIC seem to offer many of the same activities, available information and reports online are outdated, and many web links are broken, making it difficult for SMEs to find accurate information on foreign markets and sectors (Qazaqstan Exportal, 2022^[18]).

SMEs rarely benefit from export financing instruments

Kazakhstan has developed financial instruments to support exporters. Access to trade finance can facilitate SME engagement in international trade by helping firms overcome counterparty risks when exploring new markets and dealing with new customers and suppliers, as well as operating with limited working capital (OECD, 2021^[31]). QazTrade partially reimburses firms for certain marketing and outreach activities abroad, such as participation in fairs, organisation of networking events, or foreign translations of product material, with QazTrade having reimbursed 971 firms an average of nearly USD 39,000 from 2019 to 2021 (Atameken, 2022^[2]; Atameken, 2022^[32]; State Committee on Statistics, 2021^[30]). QazTrade details how firms can get reimbursed for such outreach costs. Other types of support usually provided by export credit agencies (ECAs), such as the coverage of currency risks, direct crediting, the launch of securities/bonds, or the insurance of faulty securities/bonds, are not yet provided by KazakhExport, even if legislation is currently being developed to transform the agency into a full-fledged ECA, in line with OECD best practices (Box 2.5).

Box 2.5. Kazakhstan's new Export Credit Agency

As Kazakhstan's only official insurance organisation, KazakhExport offers firms a range of services, including voluntary insurance, reinsurance, and conditional contributions to help promote local producers in non-commodity sectors in all stages of the export process. To further support this objective, a new law "On the introduction of changes and additions to several legislative acts of the Republic of Kazakhstan on the Export Credit Agency and export promotion of non-hydrocarbon goods (work, services)" was passed on 23 January 2024 and its provisions are being completed by subsequent regulations seeking to meet the objectives set in the Prime Minister's decree of 9 February 2024.

The new legal framework makes KazakhExport evolve into the national Export Credit Agency which provides guarantees to domestic exporters of services and expand its offer to include subsidised interest rates on export trade finance to be able to better compete in target markets, in line with best practices of ECAs in other countries such as for instance Bpi France.

Source: (QazTrade, 2022^[33]; Zakon.kz, 2024^[34]; Zakon.kz, 2024^[35])

However, SMEs only rarely benefit from such financial support. For instance, subsidised loans offered by the KDB and preferential leasing provided by IDF are only available for larger manufacturers. Export credit and risk services from KazakhExport remain partially in reach, as the agency provided insurance to 71 SMEs in 2022, most of which appear to have been medium enterprises. However, no specific offer for credit and insurance products tailored to SMEs seems to have been developed (Economist, 2021^[36]; ADBI, 2019^[37]). Finally, DAMU seems to have stopped offering subsidised loans and leases to exporting SMEs (Adilet, 2022^[14]; DAMU, 2017^[13]).

Recommendation 1.2: Domestic export promotion actors should expand capacity-building and financial instruments for exporting SMEs

Action 4: Improve the reach of advisory services for exporting SMEs

Kazakhstan could develop an online single guidebook for exporting SMEs providing step-by-step information and links to available resources (Box 2.6). Given its central role in export promotion, QazTrade could be entrusted with developing such a tool to provide free information and a single online access point for resources at each step of the entire export process. Kazakhstan's guidebook should reference existing online single window and trade portals (Chapter 3), as well as related internationalisation toolkits, services, and other relevant resources available for SMEs. The guide, as well as relevant information for exporting SMEs, could be made available and regularly updated through QazTrade and private sector representatives' online channels.

The development of such a guide could serve as an opportunity to improve the offer for advisory services targeted at exporting SMEs. In the process of developing this guide, QazTrade could reference all existing support services offered to exporting SMEs, identifying gaps and duplication of effort. The agency could then be charged with co-ordinating the adaptation of capacity support activities for exporting SMEs in collaboration with relevant ministries and public and private agencies. To ensure the maximum reach of the guidebook, SME representatives should also be consulted during the drafting phase.

Box 2.6. SME internationalisation guidelines – the cases of Georgia and the Netherlands

Enterprise Georgia

Enterprise Georgia focuses on enhancing the country's export potential, promoting foreign direct investments, and increasing the competitiveness of the private sector. On the export front, the agency's mandate is to increase the competitiveness of local products on international markets and diversify Georgian export markets by providing targeted support to firms, especially SMEs. The Agency's website provides detailed information, among others, on export procedures, tariffs, and priority sectors. SMEs can apply for technical assistance through the Export Assistance Programme, while an online chat allows speaking to an export consultant within moments in Georgian or English. In addition, the website provides an extensive online course, covering ten modules of export fundamentals adapted to the Georgian context.

The Netherlands' KVK

The Dutch Chamber of Commerce, KVK, provides information, training, and support on a wide array of topics relevant to firms and SMEs, including internationalisation. It developed a comprehensive 14-step plan in Dutch and English to help firms understand the export process, from initial market research to entering new markets. Each step links the SME to relevant services, including online and telephone support, bespoke market surveys, analyses and entry strategies delivered by experts, online toolkits on insurance, pricing, foreign import criteria, and more. All information and links are collected in a single source, kept up to date and linking to all relevant public and private actors. In 2021 it responded to 115,000 questions and delivered 600,000 export documents to Dutch firms.

Source: (Enterprise Georgia, 2022^[38]; KVK, 2022^[39]).

In addition, QazTrade could develop a communication campaign and enhance its networking with SMEs and SME associations at the local level to improve the awareness of available services. Online and offline awareness-raising campaigns could be developed on the occasion of the launch of the

online guidebook to increase the reach of QazTrade's internationalisation offer for SMEs. This should be done in collaboration with Atameken and other business associations, especially SME associations at the local level. The tool should also be advertised to other institutions in relation to businesses, for instance the offices in charge of business registration, DAMU, banks, or even customs. Finally, this could also be the occasion for QazTrade to scale up their capabilities to reach out to more clients and users.

Action 5: Expand financial support and risk management instruments available to SMEs

Kazakhstan should launch financial instruments to support exporting SMEs. Easing access to credit for exporting SMEs, through targeted and preferential financial instruments to SMEs, is a particularly relevant topic in Kazakhstan, as credit constraints are generally more binding on SMEs than on larger firms (Economist, 2021^[36]; OECD, 2021^[31]). Existing reimbursement of foreign outreach and marketing costs is effective but insufficient to scale up SME exports and should be supported by the provision of export credits, subsidised financing rates, bank guarantees, and insurance. OECD countries such as Denmark, Germany, Spain, Poland, and the Slovak Republic (Box 2.7) use such instruments to help SMEs initiate or increase exporting activities, with good results (EESC, 2018^[40]). In particular, DAMU could offer subsidised interest rates to SME exporters to reduce currency risks, as it used to do (DAMU, 2017^[13]), while KDB and IDB could extend their services and products to SMEs.

Kazakhstan should also broaden the offer of export insurance products available for SMEs. Coinciding with KazakhExport's ten-year development strategy coming to an end in 2023, it could prove the right moment to extend its service provision to encompass a broader variety of financial support instruments while offering a larger volume of (re)insurance products, and expanding its offer to cover SME-specific products in line with the practices of OECD ECAs (Box 2.7).

Box 2.7. SME export financing – the cases of the Slovak Republic and France

EXIMBANKA – Slovak Republic's Export Credit Agency

EXIMBANKA offers instruments to support exporters, including Slovak SMEs that wish to start exporting or expanding their export volumes. EXIMBANKA financial support for SMEs has increased every year since 2016, when it offered €38 million in bank credits and guarantees to SMEs compared to over €133 million in 2020, while SME share in risk management increased over this period from 32.8% to 39.7%. For SMEs in particular, EXIMBANKA offers:

- **Export financing** including direct credits, refinancing credits, guaranteed products, and favourable financing (a rate reduction of at least 0.25%) for SMEs.
- **Export insurance** to eliminate risks related to uncertainty on the foreign market (e.g. insolvency of the foreign buyers, political and economic risks, etc.). EXIMBANKA also offers simplified insurance packages to cover accounts receivable specifically designed for SMEs, for which they can apply online 24/7. Applicants must have fewer than 10 employees and an annual turnover of €2 million or less. Authorities report that the eSME insurance product is winning in popularity as application criteria are less stringent than for other firms and online application removes significant barriers to financial usually faced by micro firms.
- **Concessional loans in target markets** to allow market entry of Slovak exporters under conditions where the risk level is considered too high for commercial banks.
- **Consulting services** free of charge and tailored to the situation of the applicant to suggest the best tools to adopt to finance the exporting activity.

Bpifrance – France's Export Credit Agency

Bpifrance, the French ECA, provides tailored export financing and insurance products with increased coverage to support exporting SMEs:

- **Market prospection repayable advance:** firms with a turnover below €500 million can receive such an advance, which is both immediate cash support and insurance against the risk of the firm's prospecting efforts. It is paid in the form of an advance and its reimbursement is composed of a minimum flat-rate reimbursement of 30%, followed by an additional reimbursement (in a period of up to 5 years) based on the turnover achieved in the targeted countries or paid by the state if unsuccessful. The advance covers part of the prospecting costs incurred by the company which could not be amortised by a sufficient level of sales in the geographical area covered.
- **Working capital and bond insurance:** firms with a turnover below €150 million can benefit from a coverage increase from 50% to 80% at no additional cost.
- **Export insurance for commercial contracts:** cover for risks associated with commercial contracts can increase from 95% to 100% for firms generating a turnover below €150 million.
- **Discounts and supplier credit assignments insurance:** cover against the risk of non-payment of receivables by a foreign debtor may be raised from 95% to 100% for companies generating a turnover below €150 million at no additional cost.

Source: (EXIMBANKA, 2021^[41]; EXIMBANKA, 2022^[42]; EIB, 2018^[43]; OECD, 2021^[44]; Bpifrance, 2022^[45]).

Better branding and an expanded trade representation network abroad could boost product recognition and help connect SMEs with foreign buyers

Challenge 1.3: Kazakhstan’s SMEs lack adequate representation channels abroad and a clear branding strategy for their products in foreign markets

Kazakhstan’s economic representation abroad is limited, yet efforts are underway to expand it. The MTI’s representation abroad was limited to Russia, where it supervised two permanent trade missions that since have been closed, and to contacts established through QazTrade’s accelerator programmes. KazakhExport has two foreign representatives in Russia and one each in China, Kyrgyzstan, Tajikistan, and Uzbekistan, while it plans to open offices in Beijing and Moscow. Atameken’s CIC has a single representative office in Russia. However, at the time of writing, two new trade missions are under consideration – to Dubai (UAE) and Urumqui (China) – and public export promotion bodies, such as the MTI and QazTrade, have been active in foreign visits, fairs and exhibits, and have attended business forums abroad (QazTrade, 2022^[46]; QazTrade, 2022^[15]; KazInform, 2024^[47]).

In addition, attempts to create national brands in Kazakhstan have not yet paid off. A “Made in Kazakhstan” trademark has been under discussion for several years but has not been developed so far, while the SPIID 2020-2025 programme includes in its mandate the support for “the creation of a positive image of Kazakhstani brands”, without translating this into precise measures (Turanpress, 2021^[48]). On the sectoral front, the previous SPIID programme led to the creation of three food brands – Qazaq Organic Food, Halal Kazakhstan, and KazMeat – each adapted to one target market: respectively, Russia, Iran, and China. Each sectoral food brand had been tied to precise quality standards, but they were not used for long (Adilet, 2017^[49]).

However, Kazakhstan has developed certification services, which could ground a quality-based branding strategy. Atameken has developed a comprehensive certification offer for firms, including for SMEs, that is easily accessible (Economist, 2021^[36]), while the authorities recently also accredited a Halal product certification authority.

Recommendation 1.3: Expand the export promotion network abroad and provide a clear branding strategy in target markets in co-operation with the private sector

Action 6: Expand the network of representative offices abroad

Kazakhstan needs a comprehensive foreign trade strategy that could include an export dimension for SMEs. The government should update or redesign its export-promotion strategy, to include all relevant public and private actors, including the MFA, Atameken, and key private sector representatives abroad, and define clear mandates. The strategy should also reassess, in co-operation with the private sector, priority markets for exports and targeted actions in each. For instance, while Kazakhstan has currently designated Russia and China as the top-two priority markets for exports, this designation could be re-evaluated considering recent developments enabling new opportunities elsewhere (OECD, 2023^[50]). In particular, trade with the EU could be strengthened following Europe’s interest in wheat and other commodities previously imported from Russia. MENA countries could also be interesting target markets, tied to the same type of commodities.

Box 2.8. Germany's foreign trade representation

Export promotion in Germany builds on a close collaboration between the public and private sectors. Since 2009, the federal government directly supervises export promotion through the Germany Trade and Invest (GTAI) agency and co-finances the Chambers of Commerce Abroad (AHK). Regional and local governments and business associations complement this institutional set-up co-ordinated by the Ministry for Economic Affairs and Climate Action.

GTAI builds its export market knowledge and export-promotion capacity upon a specialised workforce and a large international network of abroad offices. The agency operates through two offices in Germany and more than 50 offices abroad and is in close relation with the German diplomatic network of 220 embassies and consulates. German exporting companies are also supported by 120 overseas chambers of commerce in more than 80 countries.

Export market information is provided by about 60 industry analysts, located in the GTAI offices in the main export markets, and complemented by legal, tax, country and customs experts based at the central locations. These services aim at supporting mainly exporting SMEs in targeting specific countries, and sectors. Support includes the provision of market and sector information such as macroeconomic analyses and forecasts, country and industry analyses, and business contacts; legal, tax, and custom advice; and assistance in finding business partners and representation at fairs.

The marketing activities of GTAI are mostly provided free of charge to businesses and covered by public funds, while more specialised consulting activities and targeted reports are paid for by businesses, albeit at below-market prices.

Source: (Van de Berg, 2016^[51]; Jacint, Martincus and Andrés, 2010^[52]).

Based on this prioritisation, Kazakhstan should start expanding its network of public and private trade representative offices abroad. Following the example of Germany, Kazakhstan should expand its network of public and private trade representative offices abroad (Box 2.8), starting from the constitution of a competent trade representative staff in major Embassies. Trade counsellors should be familiar with both Kazakhstan's export potential, and the opportunities offered and procedures required in the export market, and hiring should aim to recruit multilingual staff with strong experience in the sectors of interest and business development skills (Naray, 2011^[53]).

Action 7: Create a national branding strategy for priority sectors

Kazakhstan should develop a national or sectoral branding strategy tied to strong quality standards. Once priority export target markets are identified, the government should formulate a clear value proposition for each, which requires to establish a well-publicised branding and marketing strategy. In close collaboration with the private sector, for instance through public-private consultations, QazTrade or another relevant agency should identify the export positioning and value-added message that Kazakhstan wants to adopt when addressing foreign markets, in particular beyond Central Asia, while specialised companies can help find out how the country's products are perceived in the latter. Based on these insights, Kazakhstan should reinitiate efforts to create sectoral and national brands, as Moldova has done for its priority sectors (Box 2.9). Doing so would require setting objective quality standards, a unified image, and a consistent use of the brand to promote Kazakh goods on international markets. As product quality helps to build confidence in brands, initial efforts could be built around food and agriculture, Kazakhstan's most advanced sectors in terms of certification.

Once established, brands should be consistently represented and promoted by public and private bodies abroad. Branding strategies based on clear sectoral and market targeting are a key component of successful export-promotion policies, as they increase awareness of Kazakh products abroad, and benefit SMEs most, since they typically have very limited marketing budgets and product lines (OECD, 2017^[54]). Once the national and/or sectoral brands established, the MTI, QazTrade, and private entities should actively promote them in trade fairs and other B2B networking events in foreign countries.

Box 2.9. Moldova’s country and sectoral branding

Country brand: “Tree of Life”

In 2007, Moldovan government agencies initiated a strategy to develop a quality-driven national brand. “The Tree of Life” became Moldova’s country brand in 2014 with the support of the Tourism Agency. Now, the Invest Moldova Agency is the country’s brand administrator and the institution in charge of promoting the country’s image on the economic and investment dimensions. It aims to create a common identity to gain international recognition, affiliate within a community of country brand promoters, and join efforts to promote Moldova’s image abroad. “The Tree of Life” has been the mainstay of over 30 international fairs and exhibitions in over 20 countries. The brand can only be used following a request approved by the Invest Moldova Agency, which can be completed online. Each tree branch represents a strategic sector of the Moldovan economy, including textiles, wine, and fruits and vegetables.

Sectoral branding: “From the Heart”

The high fashion industry adopted a strategy to rebrand itself as a high-quality Moldovan export oriented toward global designers and markets. In 2012, the Moldovan Ministries of Economy and Culture and the Moldovan Light Industry Association launched a project to improve Moldovan fashion exports bringing many fashion labels under a new national brand, “From the Heart” and supporting the capacity of manufacturers to shift toward high value-added, high-quality products.

Many of the companies that benefited were women-owned SMEs with only one or two patented designs, while the fashion industry has continuously grown (a 10% increase in export sales each year since 2015) thanks to a consistent emphasis on quality in public, BIOs, and private promotional materials. By of 2019, most Moldovan clothing factories had complied with key international quality and ethical standards.

Source: OECD analysis, (OECD, 2017^[23]; WIPO, 2016^[55]; Tree of Life, 2022^[56]).

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3 Developing a one-stop shop for exporting SMEs

Kazakhstan has sought to increase the reach and effectiveness of its export support for firms through the development of digital single windows and portals. However, in their current configuration, these lead to a fragmented and overlapping digital landscape, complicating access to relevant export information for firms, and especially for SMEs. This chapter analyses ways to improve the effectiveness of such tools, with a focus on developing a whole-of-government approach to online trade and export promotion portals, and the development of a single one-stop-shop (OSS) for exporting SMEs.

As Kazakhstan developed its export promotion offer, single windows and portals were launched to enhance reach and effectiveness

Kazakhstan has developed several centralised online portals offering capacity-building support and information to exporting firms. For instance, the Single Window for Export-Import Operations, the Kazakhstan Trade Portal, the Trade Facilitation Information Portal, and the ASTANA-1 and Keden customs border portals have been launched in recent years, allowing firms to obtain information on the required e-permits, references, and documents related to exports, as well as to complete certain requests online (Atameken, 2019^[1]). QazTrade's Qazaqstan Export Portal (*Exportal*) unites its informational and capacity-building support in one single website to help firms looking to initiate or increase exports by addressing potential knowledge gaps (Table 3.1).

Table 3.1. Overview of online single windows and portals for trade in Kazakhstan

Portal name	Main business support activity	Relevance for exporters	Timeline	Responsible ministry
Trade Facilitation Information Portal (Kazakhstan Trade Portal)	Step-by-step information on cross-border trading procedures, focus on agri-food	Information on required export documentation	Announced by MTI in 2019 Launched in June 2022	Ministry of Trade and Integration implemented by QazTrade
Qazaqstan Export Portal (Exportal)	Information, consulting services, and accelerator programs to exporters	Information on available export support Dedicated advisory services Accelerator programs Reimbursement of fees	Launched in December 2019	Ministry of Trade and Integration implemented by QazTrade
Single Window for Export-Import Operations	Obtain all import and export documentation	Centralise certification, customs, and other services online	Approved by resolution in 2011 Announced in August 2017 Initial launch March 2019 Launched end of 2019	Ministry of Finance, implemented by State Revenue Committee
Integrated Customs Component of the Automated System of Customs and Tax Administration (ASTANA-1)	Conduct customs declarations online	Customs information	Announced in August 2017 Operating since 2019	Ministry of Finance
KEDEN (mobile application)	Conduct customs declarations online	Monitoring of status of declarations for goods during customs clearance	December 2023	Ministry of Finance
KEDEN (mobile application)	Conduct customs declarations online	Monitoring of status of declarations for goods during customs clearance	December 2023	Ministry of Finance
KEDEN (mobile application)	Conduct customs declarations online	Monitoring of status of declarations for goods during customs clearance	December 2023	Ministry of Finance
KEDEN (mobile application)	Conduct customs declarations online	Monitoring of status of declarations for goods during customs clearance	December 2023	Ministry of Finance
KEDEN (mobile application)	Conduct customs declarations online	Monitoring of status of declarations for goods during customs clearance	December 2023	Ministry of Finance
E.licensing	Automate licensing processes and obtain information on licenses and permits	Online request for licenses required to operate and export	n/a	n/a
Adilet	Centralise all regulatory legal acts	Find all relevant official documentation	Launched in 2012 (?)	Ministry of Justice

Source: OECD analysis.

Nevertheless, the coexistence and overlap of different portals complicates the journey SMEs must make to address their questions and resolve issues. Access to information remains scattered and difficult to find within the institutional internationalisation ecosystem (Table 3.2). Indeed, the different portals sometimes contain overlapping information or provide different information/support, nor are they cross-referenced (Chapter 2). As a result, as the variety and volume of available support for SMEs looking to export has increased and efforts have been made to streamline its provision, firms in Kazakhstan, and in particular SMEs with fewer resources than larger firms, have continued to face significant informational barriers in their export journeys.

Table 3.2. Overview of main online export support sources available for firms in Kazakhstan

Websites		Implementing body	Supervising body	Export promotion support purpose	On KTP	On Exportal
Name	Type					
tradeinfo.kz	Specialised	QazTrade	MTI	Information	n/a	-
export.gov.kz	Specialised	QazTrade	MTI	Information Advisory services Marketing and outreach	Yes	n/a
qaztradeacademy.kz	Specialised	QazTrade	MTI	Information	-	-
kazakhexport.kz	Specialised	KazakhExport	Baiterek	Information Advisory services Financial support	Yes	Yes
kdb.kz	Specialised	Kazakhstan Development Bank	Baiterek	Financial support	-	-
idfrk.kz	Specialised	Industrial Development Fund	Baiterek	Financial support	-	-
kazcic.kz	Specialised	CIC	Atameken	Information Advisory services Marketing and outreach	-	Yes
Keden.kz	Specialised	State Revenue Committee	MOF	Customs information	-	-
services.atameken.kz	General	Atameken	Atameken	Information	-	-
eokno.gov.kz	General	State Revenue Committee	MOF	Information	Yes	Yes
ASTANA-1	Specialised	State Revenue Committee	MOF	Documentation	Yes (broken)	-
elicense.kz	General	Licensing bodies	MOF	Documentation	Yes	Yes
adilet.zan.kz	General	Institute of legislation and legal information	Ministry of Justice	Legislation	Yes	-
portal.eaeunion.org	Specialised	n/a	Eurasian Economic Union	Information Documentation	-	-

Source: OECD Analysis.

Gradually unifying export promotion support around a single internationalisation one-stop shop could improve its targeting and reach

The reach of Kazakhstan's trade and export promotion support offer falls short of its ambition due to an overlay of tools supervised by different authorities. Realising its full potential for exporting firms, and SMEs in particular, would require a unified cross-government approach to online support provision. In the longer-run, this should lead incrementally to the creation of a single national online internationalisation one-stop shop (OSS), supplemented by regional physical points of contact (Box 3.1). Such a tool would help SMEs improve their competitive situation and develop their export competencies, while supporting the government uniting the export promotion system and enhancing the reach and effectiveness of already existing export promotion tools.

Based on recent OECD work, and interviews with public and private stakeholders in Kazakhstan (see Methodology), this chapter focuses on three iterative steps to develop an OSS for exporting SMEs: (i) establishing a supportive institutional framework and unifying all export-related information and services around the OSS; (ii) streamlining existing content before developing an online OSS and a network or regional physical OSS; and (iii) raising awareness of the OSS among SMEs throughout Kazakhstan.

Box 3.1. A One-stop-shop for export promotion

Developing an OSS is an incremental process that needs to be developed simultaneously on- and off line for maximum reach

Creating an OSS is an iterative process, with governments developing them step-by step, usually based on a single or multiple existing portals. As new services are added, an OSS can develop from simply offering information to enabling transactions, from offering standardised services throughout the country to region-specific ones, and from starting off online only to providing in-person locations where users can complete all their transactions (Askim, 2011^[2]; OECD, 2020^[3]).

While OSS build on the SPOC principle that aims to bring all interactions and requests into a unique space, an OSS usually goes further than a portal, which is frequently limited to providing information, and a single window, which tends to be specific to trade and logistic themes.

Table 3.3. Overview of portals, single windows, and one-stop shop functionalities

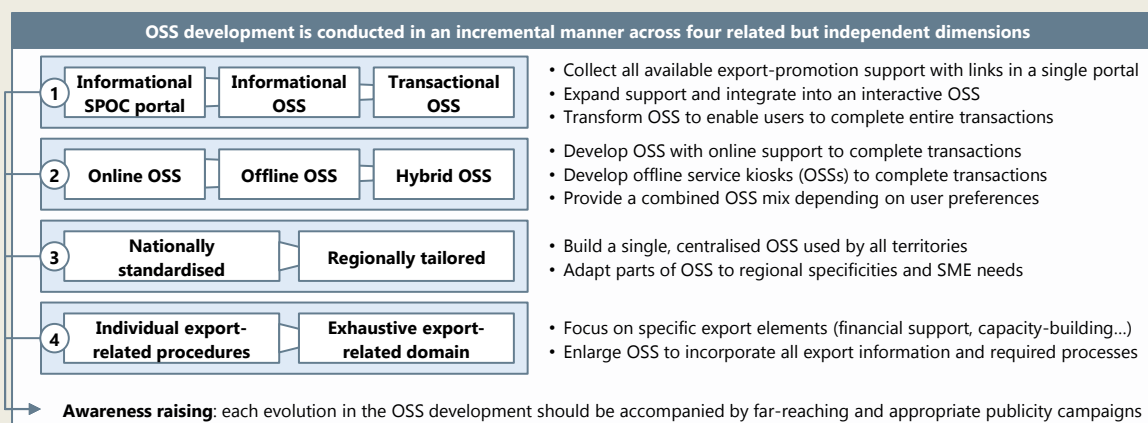
Portal	Portal	Single Window	One-stop shop
Definition	A site which brings together information from different sources in a single point of contact (SPOC).	A Business to Government (B2G) portal that allows trade and transport parties to lodge information and documents within a SPOC to fulfil import, export, and transit-related regulatory requirements.	A B2G space that centralises informational or interactional elements of a government service. OSSs deal with an entire domain of government procedures or focus on a specific set of procedures.
Range of topics	Broad (any topic, Business to Business (B2B), Business to Consumer (B2C, B2G))	Specific (trade, B2B or B2G)	Specific or broad (B2G, can also be B2B)
Channel	Online	Online	Online, offline, call centre, hybrid
Type	Usually informational (also transactional)	Informational or transactional	Informational or transactional
Tailoring	Usually national (also regional)	National	Regional or national

OSSs can differ in scope (entire domain of procedures or a specific set), in purpose (informational or transactional), in geographic differentiation (national or regional), and in format (physical or virtual). However, on the latter dimension, successful international experiences (for instance in France, the Netherlands, or Australia) show that the simultaneous development of on- and off line services maximizes the reach and benefit of the OSS for firms and users.

An OSS would fit into Kazakhstan's wider internationalisation ecosystem

It would unify the export promotion system, creating a single entry door for companies to access information and services, while aiming to reduce both regulatory and administrative burdens by enhancing co-ordination across and within levels of government, creating a user-oriented service, delivering multi-policy services in an integrated way, and joining up government services. Citizens or firms could more easily access information on export opportunities and support, identify the needed steps for exporting, locate administrative procedures and forms, supply information once for multiple purposes, and simply conduct transactions. Public bodies can receive better quality information in the first instance, and improved compliance rates reduce resources needed for enforcement. Moreover, an effective OSS can raise awareness of the possibilities provided by the internationalisation ecosystem, reducing the knowledge gap, strengthening SME export capacity, and stimulating exports throughout the country.

Figure 3.1. Step-by-step one-stop shop development across four export dimensions



Source: OECD analysis, based on (OECD, 2018^[4]; World Customs Organisation, 2017^[5]; OECD, 2020^[3]).

Developing a whole-of-government approach to online trade and export promotion portals would strengthen internationalisation support for firms

Challenge 2.1: Information for SMEs seeking to internationalise remains fragmented and complicated to access

Kazakhstan has intensified efforts to centralise and digitalise the information and access to export support measures by launching a series of single windows and portals. These efforts have been accompanied by expanded information provision, new accelerator programmes, and broader access to financial assistance (Box 3.2 and Chapter 2). Today, QazTrade's Kazakhstan Trade Portal (KTP) launched in 2022 and Qazaqstan Export Portal (*Exportal*) provide the bulk of the internationalisation activities available for firms and SMEs.

The development of online resources for exporting firms has resulted in multiple portals offering different and sometimes overlapping services (Box 3.2). As a result, a lack of clarity for firms about where to find support remains. No clarification is given to SMEs on where they should turn with their internationalisation questions or activities within the patchwork of portals, single windows and other websites, while QazTrade finds that local firms' lack of competencies and knowledge of foreign economic activity and requirements is a deterrent to the internationalisation of firms (IMF, 2024^[6]). For instance, support in such areas as marketing and outreach, capacity-building, advisory services, financial support, and risk management remains split across at least ten major websites (Table 3.1), while both *Exportal* and KTP include URLs only to some of the relevant websites within the internationalisation framework. The problem is further exacerbated by the duplication of effort between QazTrade and Atameken.

Box 3.2. Overview of selected internationalisation portals in Kazakhstan

Qazaqstan Export Portal (*Exportal*) provides information and capacity-building support

QazTrade's Qazaqstan Export Portal (*Exportal*) site includes industry and country reviews, a sectoral export barrier navigator with technical regulation, a logistical cost calculator, and statistical information to better inform SMEs looking to export. It also explains how SMEs can secure partial reimbursement for certain marketing and outreach activities abroad, including participation in fairs, organisation of networking events, or foreign translations of product materials. The portal also provides application information for QazTrade's Export and E-Commerce Accelerator Programmes, launched in 2020, providing training on how to start exporting and assistance in reaching foreign buyers to selected SMEs. The portal has a relatively wide reach with an average of 500 to 600 daily visitors.

Kazakhstan Trade Portal (KTP) provides step-by-step guidance on cross-border trading procedures for agri-business products

Supported by the EU's Ready4Trade Central Asia (R4TCA) programme and the International Trade Centre (ITC) under the aegis of the Ministry of Trade and Integration, QazTrade launched the single window Kazakhstan Trade Portal (KTP) in 2022 to act as an intermediary between exporters and government agencies and to contribute to Kazakhstan's implementation of the World Trade Organisation's (WTO) Sanitary and Phytosanitary Measures. The single window provides step-by-step descriptions of trade procedures for over 40 types of goods, including 26 for exports, 32 for imports and two for temporary imports. Six types of transport are involved (road, rail, air, sea, sea and road, sea and rail) in the context of exports and imports from and to the Eurasian Economic Union (EAEU) and third countries. The guidance on cross-border trading procedures is for agri-business products in particular, though the aim is to expand the sectors and available procedures online.

Source: (QazTrade, 2022^[7]).

There is no unified approach for developing online public support resources

Responsibility for the development of digital trade portals is scattered across several ministries and agencies. The current export promotion landscape involves MTI and MOF, with QazTrade and the State Revenue Committee as the respective implementing bodies, while several other ministries and agencies are also responsible for online export portals (Box 3.2). While most OECD countries have opted for a single point of contact (SPOC) to unify all information or interactions into one physical, digital, or combined space, where one single responsible agency is appointed, in Kazakhstan each agency is responsible for the portal's conception, implementation, content and back-office environment. OECD interviews suggest that these bodies do not systematically share institutional knowledge, lessons learned and best practices, which seems to be confirmed by the lack of cross referencing of portals.

Recommendation 2.1: Develop a unified cross-government approach to online trade and export promotion tools

Action 1: Unify all export promotion activities within a single existing portal

In the short-term, the government should centralise all existing support in a single online portal. Kazakhstan should further unite available export promotion information in a single existing portal, such as *Exportal*, so far the country's most complete online platform, providing export information (trade barrier navigator, country profiles, export guides, industry and regional overviews), consulting services

(applications for KazakhExport's financial support and other export refunds), and information about existing trade accelerator programmes. To benefit from its relatively wide reach, QazTrade could revamp *Exportal's* landing page to refer to KTP, QazTrade Academy and other relevant sites, and vice versa for KTP (State Committee on Statistics, 2021^[8]), before gradually developing one of the portals to become the SPOC for all export promotion related information and activities, which would be a first step towards an informational OSS. In particular, this would require presenting and linking to services provided by other organisations.

The government can then move incrementally to develop an informational online OSS for export promotion, in replacement of the current *Exportal*. To do so, it can build upon its experience in designing and implementing its hybrid public service delivery OSS – first piloted in 2005 (Box 3.3). The informational OSS would be the primary resource for exporters, linking to the relevant national and regional support at each stage of the export journey (Box 3.3). For instance, as QazTrade plans to develop new and existing content on *Exportal* while integrating its information systems with ASTANA-1 and Atameken over the next two years, it can prepare for enhanced integration within its portal or within a new website architecture. Another option could be to shift the content of the enhanced *Exportal* to the online OSS of the Public Services Centres (PSC), so that it includes an export promotion function, or at least to connect both online tools, so that the PSC OSS also has information available for potential exporters.

Box 3.3. One-stop shop for public services in Kazakhstan

Kazakhstan launched an effective hybrid OSS policy model for public services to improve the quality of public services and reduce corruption. Initially led by the Ministry of Justice (MOJ), the Public Service Centres model was established in four successive phases, starting with the pilot phase in 2005 and concluding with the integration phase from 2016 to 2020. Each stage introduced new services and an expansion in OSS geographic and channel reach, starting from MOJ transactions in physical OSSs and expanding to Land Management, Ministry of Finance (MOF), and other bodies' services in physical and virtual OSSs. Training was introduced to strengthen co-operation among government agencies, and staff went abroad to raise their awareness of and competencies in Public Service Centre delivery fields.

Source: OECD analysis based on (Janenova, 2017^[9]).

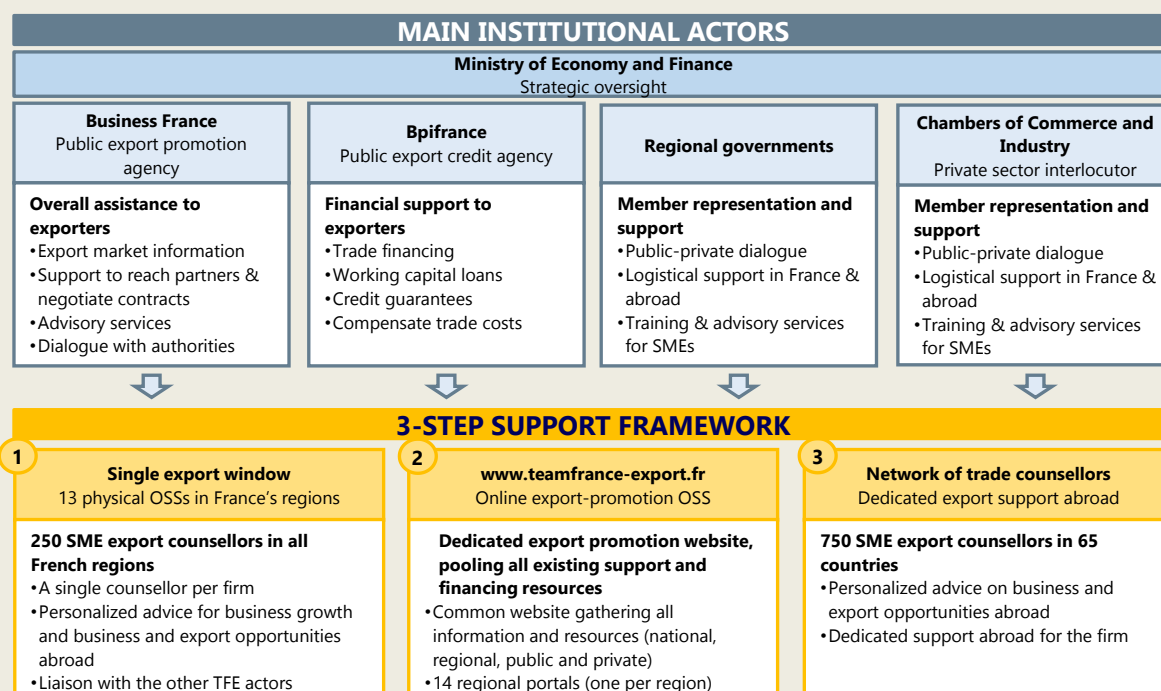
The government could then eventually move towards the development of a full-fledged online OSS incorporating all available export promotion support (Box 3.4). Alongside Kazakhstan's informational OSS, other portals, such as the Single Export-Import Window, KTP, *Exportal*, etc. could initially continue to function as the homepages for e-licensing, certification, documentation, and capacity-building initiatives. Over time, their functionalities should be expanded and integrated into the OSS depending on firm feedback and needs, to allow firms, and in particular SMEs to conduct their internationalisation journey from start to finish within a single online portal. In addition, an effort needs to be made to ensure that the most visited generalist websites (e.g. egov, Astana-1, etc.) clearly reference and link to the online OSS anytime a firm looks for export information.

Box 3.4. Team France Export – internationalisation ecosystem

An integrated cross-government strategy to support SME exports

In 2018, France set out to reform the SME support model to unite around internationalisation, aiming to increase the number of exporters and exports. By uniting the forces of the export promotion agency Business France, the public investment bank Bpifrance, and the Chamber of Commerce and Industry (CCI) under the aegis of France’s Regions and Government Services, the government created the Team France Export (TFE) framework, which relies on three pillars: (i) hybrid physical and virtual one-stop shops in France’s regions, (ii) shared digital tools, and (iii) single contact persons in markets abroad.

Figure 3.2. Overview of the “Team France Export” institutional set-up



A hybrid one-stop-shop for exporting firms

France first deployed a digital platform of solutions at the national level, bringing together all offers of export support and export financing, allowing the government to pool functionalities, content, and national partners in a digital OSS. This national base is customised and enriched with content for each region and provides digital tools and innovative solutions adapted to companies according to their profile:

- The central online OSS “teamfrance-export.fr” acts as a digital export “supermarket”, gathering all the public and private solutions that firms could access to export.
- The online visitor to the OSS can select which region they are active in, with the site subsequently showing the region-specific events and export promotion support programmes available.

In the TFE launch year 2019, 5000 firms started exporting, total exports increased by 3%, and firms receiving support doubled their turnover compared to companies without export support.

Physical support in regions and abroad

Organised into 50 sectoral groups, CCI France has 250 national advisors to help firms in each French region, while TFE's network of 750 advisors in over 65 countries helps prospect markets and develop business abroad. By April 2022, TFE had supported 27,700 firms, and accompanied 8,128 firms abroad.

Source: OECD analysis based on (Business France, 2022^[10]).

In parallel, Kazakhstan should develop export promotion content and offline OSS resources. Most OSSs involve a combination of physical shopfronts, call centres, and online platforms offering different services depending on the stage of implementation (OECD, 2020^[3]). Though Kazakhstan's OSS may likely be online-only at first, it could over time be complemented by physical OSS in each region, for instance in the existing offices of the PSC (Box 3.4). As online OSS services expand, some programmes may have more online services and information than others. For instance, regional export-related events would be easier to integrate, whereas expanding business opportunities by sector and country will take more time, as it will require building up Kazakhstan's network and knowledge competencies abroad.

Action 2: Allocate the mandate to develop a one-stop shop for exporting firms to a single institution

The MTI and QazTrade could co-ordinate export promotion activities, setting up the single export portal and then the OSS, in co-ordination with all relevant actors. Doing so would provide greater clarity and enhance the effectiveness of the export promotion framework. As frequent ministerial reassignments and organisational reshuffling can hinder OSS development, stability of leadership and clear mandates should be priority selection criteria for such a body (OECD, 2020^[3]). However, as an OSS functions under multiple ministries, crossing agency boundaries, responsibilities among the relevant participating public entities such as the MTI, MOF, and the MNE should be clearly delineated and work should be co-ordinated on a regular basis.

Kazakhstan should reflect the OSS mandates and financing resources in national policy documents. The OSS governance structure and attached financing methods, as well as the mandate of the supervising authority, should be reflected in national policy documents. Since developing an OSS is a protracted and incremental process, it should be embedded in export promotion and SME strategies. It could, for instance, be best placed at the centre of successive Kazakhstan National Export Strategies.

Enhancing public-private dialogue for trade and export support development can help address informational barriers and encourage regional exports

Challenge 2.2: Online trade and export promotion tools insufficiently take into account regional specificities and private-sector feedback

Kazakhstan's export promotion support is not sufficiently tailored to regional export needs

The overall export diversification approach in Kazakhstan remains vertically driven by the government. Policies mainly reflect cluster approaches that focus on developing exports in designated sectors in specific locations, such as pharmaceuticals in Turkistan, furniture in Almaty, or flour products in Kostanay (ADB, 2021^[11]). These approaches frequently take insufficient account of local specificities and lack a more systematic and structured public-private dialogue approach.

Box 3.5. France's regional integration in its internationalisation system and OSS

Legal set-up empowering regions

The 2015 law on the New Territorial Organisation of the Republic (NOTRe) entrusts new competencies to the regions and redefines the competencies assigned to each territorial authority. The law aims to make the French regions the engines of the country's economic recovery and to simplify and clarify the respective competencies of local authorities. As a result, each region has a primary role in supporting economic development by drawing up its plan for regional economic development, innovation, and internationalisation (SRDEII), which fits within the national plan (SRADDET) to develop regions in a sustainable and equitable manner.

Tailoring the offer to regional specificities

Regions are co-piloting the reform alongside the State as they have taken a central role in supporting exports, resulting in a common export promotion culture between national and regional governments. The public entity *Régions de France* (representing France's regions) has linked national and regional development agencies to reinforce the deployment of regional economic development, innovation, and internationalisation plans. It has already launched the development of a map of each region's assets and economic attractiveness factors. Regional sections of the CCIs, Business France, and Bpifrance nourish the internationalisation strategy and the TFE OSS development with localised insights.

Regional one-stop shops

Since 2019, TFE has united public and private export support authorities at the regional level through 250 local experts employed throughout the network of physical export OSSs ("guichets uniques pour l'export") active in each region. Each regional OSS gathers dedicated trade and export experts, supporting firms by providing them with information and capacity-building on several aspects of the export journey (including legal support and advice, information about target markets, information about available public support), as well as bridging the information gap with the national level of export promotion support and providing information about local events and customised content for firms depending on the region's economic specialisation or needs.

Source: Adapted from (Team France Export, 2022^[12]).

The export promotion landscape lacks enhanced or targeted regional support, as region-specific measures are not systematically provided. Some region-specific events and informational content exist, usually in the form of capacity-building trainings and seminars, though there is no targeting of SMEs active in certain sectors or regions. However, OECD interviews indicated that there seems to be no specific strategy to gather input on how best to allocate financial resources for export promotion to regions, industries and firms in line with needs and priorities as it is for instance the case in France (Box 3.5).

Public-private dialogue seems to remain limited in updating the government's online export promotion tools

It is unclear if public entities track the impact of available online export promotion tools. QazTrade tracks the number of site visitors to *Exportal* and KTP, but it is not clear how the impact and outcomes are monitored: how much are firms using these tools, and more importantly how these tools generated additional exports. As a result, it seems unlikely that user feedback is being used to analyse the effectiveness and reach of available online trade and export promotion tools.

The private sector is rarely consulted on the development and update of existing trade and export portals. Public-private dialogue (PPD) seems to occur only on an ad-hoc basis, without systematic regular and formal mechanisms for the private sector to provide feedback on the adequacy of existing tools or their alignment with the needs of exporting businesses. Most recently, Kazakhstan set up the Trade Facilitation Portal working group in co-operation with the International Trade Centre, which consists of 23 members representing 12 public and private bodies, who regularly come together to continuously update the portal (ITC, 2022^[13]). However, feedback tools usually implemented by OECD countries, such as user surveys, do not seem to be used by QazTrade or other agencies providing trade and export support.

Awareness-raising initiatives exist for certain export promotion support portals, but remain limited in reach

The launch of recent trade portals has been accompanied by awareness-raising initiatives. For instance, the EU's R4TCA programme implemented by ITC supported the KTP 2022 launch by organising large-scale events throughout Kazakhstan to familiarise firms with using the portal (Qazaqstan Exportal, 2022^[14]), including an inauguration event organised for the R4TCA and ITC-supported QazTrade Academy launch in September. Likewise, the State Revenue Committee accompanied the Single Export-Import Window with media appearances and online training on the portal itself to spread the news and increase platform use (UNESCAP, 2022^[15]). Such initiatives help building interest and informing potential users of the platforms and opportunities provided by them, and therefore ensure their effective use by firms after the initial launch.

However, an integrated and continuous outreach strategy across all online export promotion services seems absent. As each agency, including QazTrade, KazakhExport, Atameken, Baiterek, communicates about its own service offer with for instance QazTrade's website and Telegram channel including regular updates and upcoming events outreach, initiatives do not appear to be aligned. No overarching agenda or calendar of events exists today, nor a single overview of all export-related activities: each body posts its upcoming events only on certain channels without mentioning potentially relevant activities of others in the export promotion system.

Recommendation 2.2: Integrate relevant public and private stakeholders at regional and national level into OSS design and implementation

Action 3: Integrate regions in the development of online and physical one-stop shops

The government should consider institutionalising regional involvement in export and trade promotion. Maximising the effectiveness and reach of the OSS also relies on the integration of the network of export promotion actors across the national and regional level to answer the needs of firms in each sector or geographic area. As France has done, the government could consider more actively involving regional authorities in the definition of economic and export development strategies, and set up physical exporting OSS in each region, on the model of its Public Service Centres (Box 3.3 and Box 3.5). Such regional OSS would provide dedicated support to exporting firms and to firms that wish to start exporting, by ensuring the diffusion of information and access to training at the regional level, and by liaising with the national agencies for export promotion. Due to potential resource limitations, Kazakhstan could initially target high-priority regions before duplicating its activities elsewhere.

The relevant entities should enrich the single website with region-specific content. To support regional diversification and boost exports, Kazakhstan could enrich the SPOC portal, guidelines and supporting websites with customised information, such as direct links and contact information of local government agencies and events at the regional level. While QazTrade, KazakhExport and Atameken already share upcoming and completed events on their social media, doing so in a concerted manner in the revamped site would better target SMEs in the regions. For instance, the tool itself could display

personalised online navigation paths facilitating access to content according to the company's profile (export beginner, start-up, occasional exporter or seasoned exporter), geographic location and internationalisation interests determined by a set of simple questions. Services should be delivered in Kazakh and Russian, with online chat and video support functions.

Action 4: Develop more collaborative decision-making processes and formalise public-private dialogue mechanisms

The authorities should consult with the private sector to gather input on current challenges and gaps in the internationalisation ecosystem that prevent firms from exporting. Such PPD mechanisms may involve private-sector representatives through individual firm contributions or business associations. For instance, as France has done (Box 3.6), QazTrade could set up focus groups and surveys to better understand the needs and support expectations of firms looking to export. QazTrade, Atameken and smaller business associations could support SME inclusion through dedicated outreach, training and coaching to share their feedback, as well as to offset some of the costs for attending seminars or in-person training. Operational-level staff from bodies who deal with exporting SMEs directly should also provide input in addition to the firms themselves, for instance by replicating the experience of the Trade Facilitation Portal working group.

Box 3.6. Team France Export – Firm value feedback scheme

TFE's value feedback scheme is an integral part of measuring the effectiveness of its effort. It includes:

- **Customer focus groups:** an external firm gathers 8-12 participants, usually executives of SMEs serviced by TFE, to hold in-depth exchanges on the needs of the SMEs, their appreciation of the current offer of services, and potential new ones.
- **Bespoke studies and reports:** TFE marketing departments conduct targeted analyses and draft reports (e.g.: COVID-19 impact, identification of certain sectoral barriers for SMEs...).
- **Evaluation forms:** automated online evaluation forms are sent to the firm after service delivery.
- **An Impact barometer:** based on qualitative and quantitative measures and surveys, focusing on output-oriented and TFE user-needs based questions and information.

Source: Adapted from (Team France Export, 2022_[12]).

As the OSS develops, firms should systematically be requested to provide feedback on their experience once they have used a service on the OSS. Kazakhstan should introduce systematic feedback surveys of visitors to the SPOC portal, as well as online evaluations of services after delivery or use. This could build upon *Exportal's* feedback web form. These initiatives would allow agencies to adapt gradually the design and offer of the OSS to the requirements of exporting firms and monitor the effectiveness and reach of the tool.

Action 5: Intensify awareness-raising and capacity-building efforts of existing support

QazTrade should conduct regular campaigns about available trade and export support tools for firms, particularly changes or new additions, through the Internet, media, and workshops (UNESCAP, 2022_[15]). As Kazakhstan moves towards an export promotion OSS, it should accompany this evolution with informational events. For instance, it can build upon its experience of the R4TCA project, which supported the two new site launches in 2022, with a national hybrid launch event and regional seminars, as well as the development of its public service centres. As these events promote understanding and help garner interest, it is indispensable to conduct them regularly (Box 3.7) and in all regions to

maximise their reach. Finally, particular attention should be paid to do this in collaboration with relevant private sector associations, such as Atameken, to ensure wide reach of such initiatives.

Box 3.7. Team France Export – awareness-raising measures

Team France Export (TFE) conducts a wide variety of measures to maximise the reach of the internationalisation ecosystem and OSS:

- **Export Stimulus Plan:** Since the launch of the export stimulus plan in the wake of COVID-19, the government has supported TFE by holding events and activities to promote regional exports as geographically close as possible to the companies, in order to make them aware of the challenges and opportunities in engaging in international development.
- **Proactive advocacy:** 250 international advisors proactively approach firms which have been identified as having export potential.
- **Event calendar:** A calendar of events in France or abroad includes the France Export Program, region-specific events on exports, and access to virtual communities in each territory.
- **Ambassadors Programme:** in November 2022, Business France officially launched the Ambassadors Programme to create a community to inspire other French firms to export. 53 TFE Ambassadors were selected from all firm sizes, sectors and territories to reach 200 by 2024 to share their success stories, strategic vision and challenges with their peers.
- **Bercy France Export forum:** organised at the start of the year by the Ministry of Finance (the supervising authority), the annual forum brings together companies, banks, insurers, TFE members, economic advisors in embassies, and institutional players. The government presents its export achievements and the export financing policy for the upcoming year and showcases the tools and resources available to exporting firms. The presentation is followed by thematic workshops, and geography-specific sessions and one-to-one meetings.

Source: Adapted from (Team France Export, 2022^[12]).

Such efforts should be complemented by intensified capacity-building activities to ensure that businesses can use the SPOC informational portal to its full extent. Export strategies and processes are a complex topic, especially for smaller firms lacking the expertise and experience, requiring sufficient support on which opportunities exist and how to best take advantage of them. Current capacity-building efforts could be improved, as KTP only includes a single “how-to” video to explain the portal’s functions and could thereby benefit from a written explanation with examples or infographics on how to use it. QazTrade could draw inspiration from KazakhExport’s infographics on how its services work or written and video instructions on how to use the portal (EOKNO, 2022^[16]).

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4 Improving transport infrastructure and trade facilitation arrangements in Kazakhstan's Caspian ports

Kazakhstan has developed national trade and transit policies to capitalise on the country's position in major transregional trade routes. Among these is the development of cross-border co-operation (CBC) hubs with immediate neighbours. The "Caspian Knot" hub, covering Kazakhstan's two Caspian Sea ports and including a special economic zone (SEZ), has received particular attention in the context of the development of the Trans-Caspian International Trade Route (TITR). This chapter analyses the development of the Caspian Knot and the SEZ/CBC strategy in the framework of Kazakhstan's broader regional integration and trade/transit development strategies. A particular focus is on infrastructure and trade facilitation, private-sector involvement, and monitoring and evaluation of hub and SEZ performance.

Kazakhstan has developed strategic plans to integrate its national economy into regional and international value chains

Since 2010, the government has sought actively to develop domestic transport and logistics infrastructure and promote exports (Box 4.1). The most recent development plans have also sought to address trade facilitation bottlenecks, such as the simplification of foreign trade procedures, and the harmonisation of border-crossing procedures (Adilet, 2018^[1]). For instance, the *Nurly Zhol* programmes were primarily aimed at increasing the capacity of Kazakhstan's seaports, improving cargo handling technology - for instance the construction of a multimodal ferry complex including shipbuilding and repair services in the port of Kuryk-, enhanced electronic information exchanges on cargo with Azerbaijan, and new routing systems for safe navigation reduced processing times.

Box 4.1. National Infrastructure Transport and Logistics Development Projects

Kazakhstan's infrastructure plans build on regional initiatives such as the TITR, Transport Corridor Europe Caucasus Asia (TRACECA), Central Asia Regional Economic Co-operation (CAREC) programme, the Belt and Road Initiative (BRI), etc., to transform the country into a strategic hub between China and Europe by developing an efficient transit, export, and logistics infrastructure to attract investments and stimulate trade.

State Programme for the Development and Integration of the Infrastructure of the Transport System 2020

Replacing the 2010-2014 Transport Sector Programme, the State Programme for the Development and Integration of the Infrastructure of the Transport System 2020 aims at establishing a modern transport infrastructure, and ensure its integration into the international transport system.

Nurly Zhol 2015-19 and 2020-25

In 2014 the Ministry of Investment and Infrastructure Development set up the State Programme for Transport Infrastructure Development 2020, *Nurly Zhol 2015-19*, while in 2018 the President approved the decree for *Nurly Zhol 2020-25*. Both programmes sought to develop domestic transport networks, multimodal connectivity, and private sector participation, and to promote exports through the development of efficient transit, export and logistics infrastructure, with objectives and indicators attached to each dimension. The programmes cover all transport modes (roads, railways, ports), and provide for a mixed financing structure, combining public and private investments. Both *Nurly Zhol 2015-19* and *2020-25* included for each of its dimensions several quantitative indicators that determine yearly results to be achieved, which facilitates the evaluation of the programme's effectiveness. For the *2020-25* programme, for each indicator are additionally listed the institution responsible for the provision of data and the institution responsible for the achievement of the objective.

2030 Development Transport and Logistics Potential Development Concept (Concept 2030)

Replacing *Nurly Zhol 2020-25*, the "2030 Transport and Logistics Potential Development Concept" was approved in December 2022. It provides for the development of all transport sectors as well as logistics to ensure affordable, safe and inclusive mobility, to strengthen the country's competitiveness, and help make it the leading regional transit hub. The former Ministry of Industry and Infrastructure Development (then-MIID) was responsible for its development and regional and local public authorities for its implementation. Concept 2030. Such as its predecessor *Nurly Zhol 2020-25*, the programme comprises an evaluation framework with quantitative indicators and yearly objectives, and introduced a similar framework for qualitative indicators.

Source: OECD analysis based on (Adilet, 2022^[2]; Adilet, 2018^[3]; Prime Minister, 2020^[4]).

In parallel, Kazakhstan has sought to develop cross-border growth poles with its most immediate neighbours. The government has prioritised regional cluster initiatives to develop economies of scale, enhance connectivity, and boost mutual trade through the North-South and East-West transport corridors (Adilet, 2022^[21]). In particular, the *Concept 2030* includes a roadmap to create and modernise five CBC hubs: expanding the existing CBC hub concept in Khorgos, with China, and creating the maritime “Caspian Knot” hub, as well as the “Central Asia”, “Alatau” and “Eurasia” hubs, bordering Uzbekistan, Kyrgyzstan, and Russia, respectively. This initiative aims at doubling transit cargo traffic through Kazakhstan, and better connect with the markets of neighbouring countries.

The Caspian Knot CBC hub aims at intensifying co-ordination and collaboration with Kazakhstan’s Caspian Sea littoral neighbours. The Caspian Knot, encompassing the ports of Aktau and Kuryk into a larger SEZ (Box 4.2), aims to develop trade and logistics infrastructure with littoral countries and integrate Kazakhstan into global value chains, in particular through the TITR (Adilet, 2021^[5]; Adilet, 2022^[21]). The knot’s infrastructure development focuses on building containerisation capacity for trade and transit of goods in both ports of Aktau and Kuryk, with a strong private-sector participation, and facilitate trade procedures. However, progress so far has remained largely domestic in scope, with a prevailing focus on competition with other countries and with trade facilitation efforts only partially harmonised with regional neighbours.

Box 4.2. The Caspian Sea ports and SEZ Aktau

The national rail company Kazakhstan Temir Zholy JSC (KTZ) is the largest transport and logistics operator in the country. As ports are considered a subsection of railways in Kazakhstan, it has ownership stakes in the Ports of Aktau and Kuryk, as well as in logistics and transport firms, and it owns terminals and infrastructure for most transport modes.

The ports of Aktau and Bautino

Opened in 1963, Aktau Port is now operated by the Aktau International Sea Commercial Port, a subsidiary of KTZ. Major port facilities include a ferry complex, oil terminal, grain terminal, dry bulk terminal, and multipurpose terminal to export petroleum products, consumer goods, grains, and fertilisers. Historically, most cargo has been destined for Iranian ports. The Aktau North Port was established in 2014 and is operated by Aktau Marine North Terminal (AMNT), also a subsidiary of KTZ. Major port facilities include a grain terminal, general cargo terminal, and container terminal. Bautino is a small port located 150km from Aktau focusing on equipment, construction materials, and agricultural products.

The port of Kuryk

Kuryk Port, operated by KTZ Express, a KTZ subsidiary, is located approximately 60 km south of Aktau Port. Its ferry terminal has been in operation since 2017, and transit operations started in 2018. The port’s capacity is not at full potential, as the multimodal Sarzha multi-functional marine terminal (MMT) with 10mt of transshipment capacity is slated to be completed only by 2030 (Kuryk, 2023^[6]).

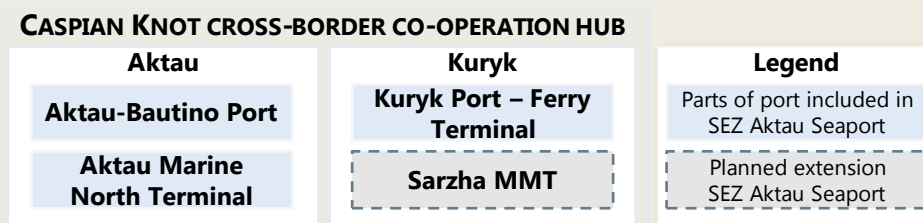
The port primarily aims to diversify Kazakhstan’s oil export routes, although a grain terminal was completed late in 2023, thereby stepwise increasing transshipment freight capacity (Kuryk, 2023^[6]).

SEZ Seaport Aktau

The 2002 decree “On creation of a special economic zone ‘Aktau Seaport’” established the area as an SEZ running until 2028. Managed by JSC Morport Aktau, it consists of 2322 hectares located on the commercial seaport territory, Aktau City and the Munailinsky district. Originally it sought to attract export-oriented investment projects, to accelerate production and adoption of innovative technologies

to substitute imports, though now the focus has shifted to developing the transport and transit capacity to further integrate Kazakhstan into regional and global value chains. It incorporates part of Port Aktau, the Bautino cargo terminal, the Port Kuryk ferry terminal, and AMNT, and the inclusion of Sarzha MMT is ongoing.

Figure 4.1. Schematic overview of the Caspian Knot cross-border co-operation hub



Source: OECD analysis.

However, despite recent improvements, outdated infrastructure and trade facilitation bottlenecks in Kazakhstan’s Caspian ports hamper trade and transit. As outlined in *Concept 2030*, the ports of Aktau and Kuryk are confronted by transit capacity limitations, insufficient and inadequate vessels, and underdeveloped trade facilitation measures. The average capacity utilisation of Kazakhstan’s seaports was just 31% in 2021, dropping to 25% and 20% for dry cargo and ferry terminals, respectively (Adilet, 2022^[2]). This follows a wider trend within the Caspian Sea, where port utilisation rates are systematically below capacity part due to higher costs of connectivity and deficient planning, though actual capacity is also below potential due to widespread underinvestment in infrastructure expansion and renewal.

Well-functioning transport infrastructure and trade facilitation arrangements are especially important for SMEs to engage in trade. SMEs are particularly sensitive to the spectrum of trade costs associated with customs documentation and procedures and with clearance and inspection processes, as they often lack specialised human and financial resources to deal with these constraints, and ship only infrequently or in small batches. Similarly, they are more dependent on the quality of transport infrastructure than larger firms, as they have limited resources to face logistical obstacles. As a consequence, smaller firms tend to benefit more from improvements in the overall trade infrastructure and facilitation environment than larger ones. In particular, reductions in fees and charges, streamlining of procedures and automation of border processes affect the export and import values of firms (López González and Sorescu, 2019^[7]).

Kazakhstan has intensified co-ordination and collaboration with its neighbours to develop new trade routes

Kazakhstan has advanced Caspian regional integration. Kazakhstan is a founding member of the Eurasian Economic Union, a partner within CAREC programme to promote regional development, a WTO member since 2015, and the largest destination for infrastructure investments through the Belt and Road Initiative (BRI). Kazakhstan is also part of the Economic Co-operation Organisation (ECO) and the United Nations Economic Commission for Europe (UNECE), which have convened regularly to discuss the Trans-Caspian and Almaty-Istanbul Corridors since September 2022 (ECO, 2022^[8]). Since June 2022, Kazakhstan, Azerbaijan and Türkiye have developed a trilateral co-operation to develop the TITR, while the three countries together with Georgia signed a quadrilateral declaration to improve the transshipment capacity and encourage global trade integration. This co-operation resulted in the November 2022 roadmap for the development of the TITR for 2022-2027 via the implementation of joint infrastructure projects, the development of new segments, and improvements in trade facilitation along the route.

Kazakhstan also has signed several Memoranda of Co-operation to develop its ports in co-operation with Türkiye (Kuryk, 2023^[9]), and in March 2022, Kazakhstan, Azerbaijan, and Georgia established the Eurasian Rail Alliance, a joint venture to automate logistical services and facilitate customs and border crossings. In 2018, Kazakhstan and the other four Caspian littoral countries signed the Convention on the Legal Status of the Caspian Sea, including provisions for the delimitation of the seabed and agreements on transport and economic co-operation (Box 4.4).

Kazakhstan has been actively promoting regional co-operation to develop the TITR. Since 2017, the country serves as the secretariat of the International Association Trans-Caspian International Transport Route (IATITR) (Box 4.3), to co-ordinate public actors from railway companies and private stakeholders from maritime and logistics companies (Middle Corridor, 2023^[10]). The public firms Kazakhstan Railways JSC and Azerbaijan Railways Closed JSC signed a logistics co-operation document in April 2022, paving the way for closer regional co-ordination (Geopolitical Monitor, 2022^[11]). In November 2022, Kazakhstan, Azerbaijan, Georgia, and Türkiye signed a roadmap for the development of the TITR for 2022-2027 to increase both trade and transit capacity along the corridor by removing bottlenecks linked to infrastructure and trade facilitation. Kazakhstan has also been actively promoting regional connectivity with public and private actors alike, and has been automatising, digitising, and harmonising its customs procedures with neighbouring countries (OECD, 2020^[12]; OECD, 2023^[13]).

Box 4.3. International Association Trans-Caspian International Transport Route

Initially established in 2014 to increase the flow of goods along the TITR, since 2017 the international association Trans-Caspian International Transport Route (IATITR) aims to ensure the competitiveness of the TITR by developing logistical soft and hard infrastructure, unify transport processes, reduce administrative barriers, and implement an effective tariff policy.

It has eight regular members, including the national railway companies of Azerbaijan, Georgia, Kazakhstan, Türkiye, and Ukraine, as well as the ports of Aktau and Baku and the Azerbaijan Caspian Shipping Company. There are 11 associate members, including Kazakhstan's Aktau Marine North Terminal, Kazmortransflot, and Port Kuryk, as well as regional logistics and port partners.

Source: (Middle Corridor, 2023^[10]).

OECD interviews indicate that the Caspian Sea region and its economic corridors have also received renewed interest outside of the TITR (OECD, 2023^[13]). The imposition of sanctions since February 2022 has limited Russia's trading options, forcing it to look for alternative routes and destinations. Trade is increasing in Russia's Astrakhan and Olya Caspian ports (up 14.5% year-on-year), with Iranian ports also measuring an increase in activity, though both countries' ports remain well below their estimated capacities (OECD, 2023^[14]). Kazakhstan's port of Aktau is placed on one of the routes connecting Russia and Iran; the latter was Aktau's main export destination before 2022. Kazakhstan is also well-placed to integrate into the International North-South Transport Corridor (INSTC), connecting Europe to markets in the Persian Gulf and the Indian Ocean through the Caspian Sea (ODI, 2024^[15]; OECD, 2023^[13]).

Box 4.4. Shrinking Caspian Sea levels: a regional challenge

The Caspian Sea is the world's largest inland body of water, stretching around 1200 km from north to south, with an average width of 320 km and lying between Europe and Asia, bounded by Kazakhstan, Russia, Azerbaijan, Iran, and Turkmenistan. The Volga River is the Sea's main freshwater source, entering at the north end. While well over 100 rivers flow into the Caspian, the Volga accounts for an estimated 80% of the riverine inflow. In recent years, Russia has built 40 dams on the Volga, with 18 more are under study and construction. Critics argue that this, together with increased diversion of the Volga's waters for Russian agricultural production, has substantially reduced inflows into the Sea.

The level of the Sea has been dropping steadily for decades, due to an imbalance between substantially increasing lake evaporation, on the one hand, and decreasing river discharge and precipitation on the other. While the levels are falling by about 6 to 7 centimetres per year, a recent study has suggested a decline by 9 to 18 meters by the end of the century, representing a decline in the surface area of the Sea of 23-34% -- equivalent to uncovering an area roughly the size of Portugal. As a result, the northern Caspian shelf, the Turkmen shelf in the southeast, and all coastal areas in the middle and southern Caspian Sea would emerge from under the sea surface, while the eastern shelf would be desiccated. According to Kazakhstan's Garysh Sapary National Space Agency, that country's portion of the Caspian Sea already decreased by 7.1% between 2008 and 2023.

Impact on the region's economies

The projected Caspian Sea level decline will result in major biodiversity loss, increased levels of pollution in the central basin and its surroundings, and decreased precipitation in water-stressed Central Asia, transforming the region's natural and economic ecosystems.

A major impact will be felt through maritime trade and naval access, as port infrastructure and shipping traffic will need to adapt to receding water levels. Declining water levels will restrict the size of vessels able to operate on the Caspian Sea, adding to port congestion and threatening the viability of cargo services. For instance, the port of Aktau already reported a reduction of loading capacity of oil tankers due to shallow waters, while the authorities consider dredging work for the future. The port of Kuryk is less affected for now, having been constructed on a section of the sea where the water is deeper.

International cooperation

The issue suffers from a lack of political and scientific attention, with only very limited data and studies available, and a lack of concrete multilateral co-operation. Despite some initiatives, the legal framework for the management of the sea and its environmental and economic issues is still incomplete.

The Caspian Environment Programme was set up in 1998 by the United Nations to support regional discussions, and the region ratified the Tehran Convention in 2006, "an overarching legal instrument laying down general requirements and the institutional mechanism for environmental protection in the Caspian Sea region". The 2018 Convention on the Legal Status of the Caspian Sea granted the Caspian a "special legal status"; as a result, neither the United Nations Convention on the Law of the Sea nor customary international rules regarding international lakes fully apply. In principle, this hybrid legal solution could lay the ground for regional institutional co-operation, but little has happened, and the other littoral states have been reluctant to address directly the issue of Russia's management of the Volga. However, the relative decline of the traditional regional hegemony, Russia and Iran, and the littoral region's interest in developing the TITR may pave the way for increased action.

Source: (Prange, Wilke and Wesselingh, 2020^[16]; Rferl, 2023^[17]; Kaleji, 2023^[18]; UNEP, 2024^[19]).

Kazakhstan has increased its engagement with the private sector to develop its Caspian Sea ports.

In particular, the country has been looking at developing joint ventures with leading international firms, in particular with UAE AD ports Group having signed a joint venture with KTZ and KMTF (Port Technology, 2023^[20]). The Kazakh Caspian ports of Aktau and Kuryk partner with ports located in Turkmenistan, Iran, Azerbaijan, and Russia as well as with shipping companies, freight forwarders, customs and logistical agents, and maritime legal firms to complete the ecosystem (Port Aktau, 2023^[21]).

However, environmental and political risks threaten the Caspian Sea's trade and transit potential.

The level of the Sea has been declining steadily for many years, and research suggests that this process could accelerate over the course of the century (Box 4.4). While the impact on shipping and trade of declining sea levels has not yet been quantified, they could pose an important long-term threat to Caspian ports' viability and discourage firms from relocating there to take advantage of the CBC hub and SEZ. In Kazakhstan, weather conditions already cause frequent and long port closures at Aktau, while so far the Port of Kuryk has been less affected. Other significant downside risks include uncertainties surrounding the evolution of international sanctions against Russia and Belarus, secondary sanctions on third countries and the potential partial lifting of sanctions allowing for the Northern Corridor to resume full operational capacity.

Regional co-ordination, infrastructure development, and regular evaluations are needed to develop the potential of Kazakhstan's Caspian Sea ports

Diversifying trade and transit across new corridors will require sufficient private and public-sector involvement for Kazakhstan to develop its domestic trade and transit infrastructure and intensify regional integration. Kazakhstan will need to ensure it achieves its objectives to continue to evaluate, select, modernise, and expand prioritised transport infrastructure, attract qualitative public and private investments, facilitate trade, harmonise legal and regulatory standards, and intensify regional co-operation. The CBC hubs, and in particular Kazakhstan's Caspian ports of Aktau and Kuryk, and the surrounding SEZ ("Caspian Knot") are an integral part of this ambition.

Based on recent OECD work, and interviews with public and private stakeholders in Kazakhstan (see Methodology), this chapter focuses on three key dimensions to support the development of Kazakhstan's Caspian Sea Ports: (i) national and regional co-operation to develop Caspian port infrastructure and improve trade facilitation measures; (ii) private-sector involvement in infrastructure projects to address Caspian ports' needs; and (iii) monitoring and evaluation of existing measures in Kazakhstan's Caspian SEZ.

Improved regional trade facilitation and infrastructure can support the competitiveness of Kazakhstan's Caspian ports

Challenge 3.1: Insufficient regional integration efforts in relation to trade facilitation and infrastructure slow down transit development through Kazakhstan's Caspian ports

Uneven progress in Kazakhstan's port and multimodal infrastructure development delays transit improvement in the Caspian Sea

Outdated port infrastructure in Aktau and Kuryk keep ports operating well below their potential capacities and below the levels needed to handle increased traffic. The current throughput capacity of Kazakhstan's main Caspian Sea port of Aktau is estimated at 15mt (rising to 21mt when combined with the port of Kuryk), slightly above Azerbaijan's port of Alat but well below the capacity needed to absorb cargo traffic of the

Northern Corridor (Table 4.1) (OECD, 2023^[13]). Businesses report that the loading equipment in the port of Aktau is outdated and lacks sufficient large cranes to meet modern standards, while the new port of Kuryk lacks the necessary loading equipment and is limited to servicing only rail cargo from foreign ferries, though it can service both hinterland rail and automobile (USAID, 2022^[22]; ADB, 2021^[23]). Interlocutors during an OECD field visit to the port of Aktau also mentioned Kazakhstan's relative inexperience in dealing with containerised freight as a challenge.

Insufficient vessel capacity and regularity in the Caspian Sea add to the challenges. Ferry and vessel limitations on the Sea have been dramatically exacerbated by the increase in traffic demand observed since 2022. In addition, the frequency of services varies greatly depending both on weather conditions and on full load of ships, with ships only leaving the port if loaded at full capacity, regardless of the initial schedule. So far, only two companies, Kazakhstan's KazMorTransFlot (KMTF) and Azerbaijan Caspian Shipping Company (ASCO), are operating routes across the Caspian Sea. Vessel fleet therefore remains limited, which has been an issue due to increased traffic demand since 2022 (OECD, 2023^[14]). Kazakhstan has started addressing the issue, with *Concept 2030* and the 2022-27 TITR Roadmap setting out actions to build new vessels, however, it is estimated to take at least three years for vessels to be constructed and start operations. In the meantime, KMTF recently started diversifying its activity with three container ships and two dry cargo ships operating between the Ports of Aktau, Kuryk and Alat.

Table 4.1. Comparison of capacity of main Caspian Sea ports (2021)

Country	Port	Capacity (mt/year)	Throughput (mt/year)	Container capacity (thousand TEU/ year)	Container throughput (thousand TEU/year)	Presence of a SEZ
Kazakhstan	Aktau	15	3.2	25	14.3	Yes Seaport Aktau
	Kuryk	6	2.4	100	0	
Turkmenistan	Turkmenbashi	17	8.3	400	19	No
Iran	Bandar - Anzali	7	1	40	3.3	Yes Anzali Free Zone Area
Azerbaijan	Baku - Alat	15	4.6	500	35.1	WIP Alat Free Economic Zone
Russia	Astrakhan	12.1	2.2	10	2.6	Yes Lotus

Source: (OECD, 2023^[14]).

Kazakhstan's Caspian sea ports lack fully functional multimodal road and railway networks. The ports of Aktau and Kuryk benefit from some multimodal road-rail-maritime infrastructure, yet lack for instance an integrated freight planning management system between rail and terminal operators (OECD, 2023^[14]). Further improvements are prevented by the absence of a national body in charge of multimodal transport planning, the lack of co-operation between road and railway agencies, and limited investments: just 2% of Kazakhstan's planned public transport infrastructure investments in 2019 was allocated to intermodal infrastructure (Observatory of Economic Complexity, 2024^[24]; ITF-OECD, 2019^[25]).

Sparse trade facilitation co-ordination with neighbours and restrictive regulations in Kazakhstan's logistics services further add significant barriers to trade and transit

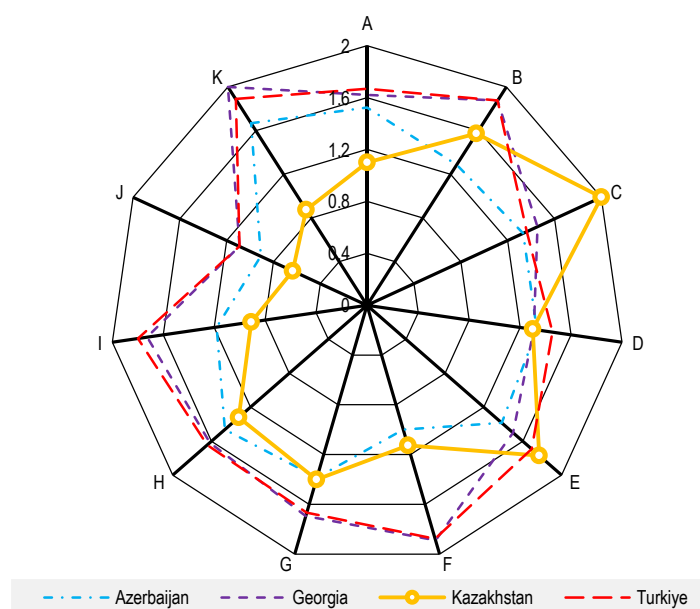
Most of Kazakhstan's Caspian infrastructure and trade facilitation strategies remain national in scope. For instance, *Concept 2030* has not been amended to include measures to co-operate or align investment plans with neighbouring countries, in particular to improve the functioning of the TITR. The absence of a regional integration framework also translates into lacking cross-country consultation about rail freight and port development plans (ADB, 2021^[26]), even if discussions exist between state-owned

railway and port institutions, notably through the TITR international association, TRACECA and the World Road Transport Organisation (IRU) (IRU, 2023^[27]).

Cross-national electronic exchange of data remains limited. OECD interviews indicate that though Kazakhstan and other countries are working on digitalisation of customs information as well as harmonising and simplifying requirements, most software solutions are developed only with the domestic market in mind. OECD interviewees point to a general lack of co-ordination among development partners on trade facilitation initiatives across Eurasia; this further exacerbates a scattered trade facilitation landscape. This is also reflected in Kazakhstan's relatively low score on the OECD Trade Facilitation Indicators in relation to internal and external border agency co-operation, and documents submission (Figure 4.2). As a result, cross-national electronic exchange of data remains limited, and creates delays and duplication of procedures for traders and shippers.

Figure 4.2. Trade Facilitation Indicators score for TITR countries

Scores per trade facilitation indicator ranging from 0 (worst) to 2 (best)



Note: 2 is the maximum score. A - Information availability, B - Involvement of the trade community, C - Advance rulings, D - Appeal procedures, E - Fees and charges, F - Documents, G - Automation, H - Procedures, I - Internal border agency co-operation, J - External border agency co-operation, K - Governance and impartiality.

Source: (OECD, 2023^[28]).

Interoperability issues slow cargo transit and reduce the attractiveness of trans-Kazakhstan transit corridors. Barriers include the absence of a unified multimodal bill of lading and the lack of real-time transit shipment tracking, which reduce the speed of cargo handling, make operational planning more difficult, and raise both costs and transport times. *Concept 2030* identifies these and other constraints to trade growth, including non-competitive tariffs compared to road and rail freight in boxcars and imperfect tax and industry legislation for the development of multimodal transport, but no specific actions seem to have been taken to address these so far.

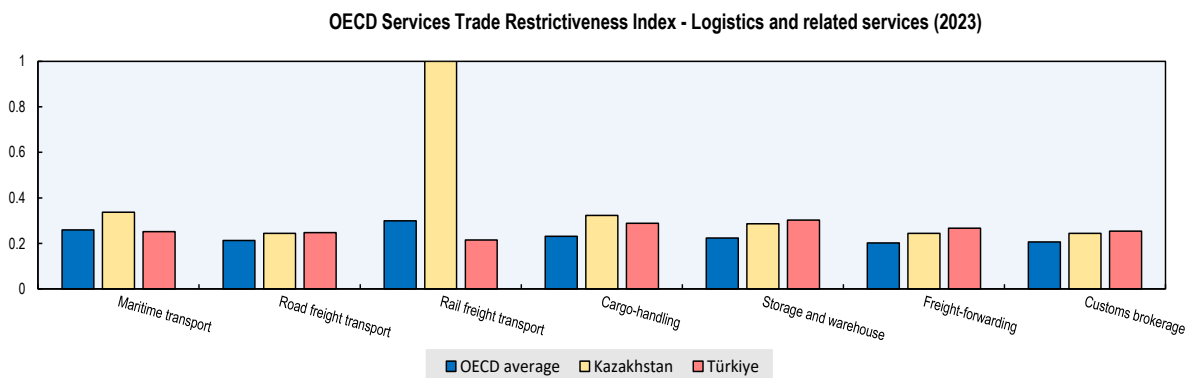
Digitalisation and streamlining of maritime procedures are lagging behind. The relatively low level of digitalisation in seaports leads to dwell times of 5 to 12 days, which extends too much the duration of a journey already slowed down by a relatively old fleet (World Bank, 2023^[29]). As of 1 January 2024, the

Convention on Facilitation of International Maritime Traffic (FAL) of the International Maritime Organisation (IMO) entered into force in Kazakhstan; this should improve maritime transport and transit in ports, and it will make the Single Window for data exchange mandatory in ports, but its full effects will only materialise in the medium term (IMO, 2023^[30]).

OECD interviews highlighted the existence of some demand-side barriers to the effective digitalisation of maritime and trade facilitation measures. In particular, interviewees in the Port of Aktau indicated that some shippers and firms prefer offline administration and filling out paperwork, posing a potential barrier to the streamlining of procedures. This attitude is indicative of a larger trend across Central Asia, where the private sector indicates that digitalisation brings new challenges compared to the more familiar paper-based procedures, citing in particular the lack of knowledge about new tools and a lack of experience in working with them (Ranosys, 2021^[31]; OECD, 2023^[14]). This trend is true not only for firms, but also for government officials, as digital procedures, for instance for customs, require new sets of skills and adequate training. The more so that the absence of co-ordination between countries leads to the coexistence of different digital standards (UNECE-UN/CEFACT, 2024^[32]; OECD, 2023^[33]).

Figure 4.3. OECD Services Trade Restrictiveness Index (2023): OECD, Kazakhstan and Türkiye

STRI, ranging from 0 (lowest level of regulation) to 1 (highest level of regulation).



Note: The maximum score 1 represents the highest level of regulation, often in relation to a total state monopoly, which is for instance the case for rail freight transport under Kazakh Temir Zholy (KTZ) in Kazakhstan.

Source: (OECD, 2022^[34]).

Kazakhstan’s monopolistic logistics service provision prevents the entry of transnational multimodal transport operators. KTZ Express JSC is the single transport operator authorised to provide unified logistics services for multimodal cargo transport. In addition, logistics cargo-handling, logistics storage and warehouse related services are, by international standards, heavily regulated sectors (Figure 4.3), while the national railway company, a state monopoly, owns most of operations at the ports of Aktau and Kuryk. This monopolistic situation negatively affects competition and Kazakhstan’s ambitions to diversify its trade corridors (OECD, 2022^[35]; OECD, 2022^[34]).

Recommendation 3.1: Develop co-operation mechanisms on the domestic and transnational level to develop Caspian port infrastructure and improve trade facilitation

Action 1: Formalise a development plan for Kazakhstan’s Caspian Sea ports

Develop a national port masterplan to align port infrastructure development with national trade and transit goals, while addressing issues linked to the preservation of the Caspian Sea and adaptation to falling water levels. The government should develop a national port development framework, with a long-

term horizon (at least 10 years) to lay out key infrastructure and trade facilitation objectives corresponding to the country's trade and transit strategies, and determine projects, and sources of financing. This document should be developed through an iterative process and be fed into the country's overall development strategies. Dublin's 2040 Port Masterplan provides a good example on how this can be developed (Box 4.5). Such masterplans should also be an occasion to assess the need to adapt existing port infrastructure to falling Caspian Sea levels, including plans for dredging to deepen port depth, or adapt vessels, and to encourage investments in climate-resilient infrastructure. Kazakhstan can achieve this by enlarging spatial planning frameworks, infrastructure project and policy appraisals through Strategic Environmental Assessments and Environmental Impact Assessments and adopting stricter regulatory and economic standards (OECD, 2020^[36]).

Box 4.5. Port Masterplans in Ireland

Dublin's 2040 Port Masterplan

The 2040 Masterplan provides a framework for core operational and growth principles, to achieve sustainable growth, investor certainty, and national policy alignment to facilitate seaborne trade in goods and passengers, setting out a series of objectives on port functions, investments, regional integration, and more. Adopted in 2012, the 2030 Masterplan has:

- informed Ireland's National Ports Policy and Transport Policy;
- allowed planning and permitting authorities to determine policies and project proposals;
- fed into the National Planning Framework and National Development Plan 2018-27;
- built upon studies carried out to identify the best options to improve throughput capacity based on projections in logistics, transport modes, and freight developments;
- enjoyed broad consultation processes that fed into the initial design and subsequent reviews, including large-scale consultation exercise (public meetings, seminars, information leaflets and public meeting to engage the local community); and
- undergone an iterative process: the 2017 review analysed developments in economic projections, project progress, and in policies and strategies impacting on planning, transport and the environment.

Infrastructure options in the Masterplan are selected and advanced based on the Port's ability to finance them through a series of "bite-sized" project investments, keeping debt at an acceptable level and avoiding speculative investments.

Source: (Dublin Port, 2018^[37]).

Individual port plans should be developed to operationalise the national port masterplan, and coordinate with Caspian littoral neighbours. Once the masterplan set, its objectives need to be operationalised individually for the Ports of Aktau, Kuryk, and the Caspian Knot to avoid underutilisation of capacity and duplication of facilities. Individual plans should be developed by the port authority, and integrate the objectives, projects, and investment plans of all relevant actors, including the port management or operating company, and private firms operating in the port (cargo handling, storage, and distribution). The port authority should also develop the plan by taking into consideration the plans for the development of other Caspian sea ports such as Baku/Alat, since it represents a key stage for connectivity to Georgia, *Türkiye* and the European Union, or the port of Turkmenbashi, the only intra-TITR complement or, potentially, competing port (World Bank, 2022^[38]). These individual plans could also form the basis for a regional dialogue on the preservation of the Caspian Sea, and the ensuing adaptation and mitigation of

economic activities to avoid an environmentally detrimental race to the bottom triggered by competition amongst Caspian Sea ports (OECD, 2023).

Action 2: Intensify co-ordination within existing frameworks

Kazakhstan should continue formalising regional dialogue around a regional integrated strategy for rail, road, and port networks. The government should prioritise doing so first with the Caspian Sea littoral countries, before extending to the other countries along the TITR. Kazakhstan, in collaboration with regional neighbours, should aim at increased collaboration on existing and planned transport infrastructure strategies to avoid duplication of efforts. In particular, a cross-country public-private dialogue could help identify blockages, prioritise actions and investments, and address bottlenecks. As a first step, Kazakhstan could consider expanding its participation in the IATITR, or the co-ordination committees organised by ECO/UNECE or TRACECA/IRU to focus on Caspian-specific bottlenecks.

Kazakhstan should appoint a single oversight body to co-ordinate public and private transport and transit actors nationally and co-operate with partner countries on a transnational level. This body would be an already existing agency or Ministry, and should be entrusted with a broad mandate to cover all transport modes (rail, road and maritime), and address infrastructure, trade facilitation measures, and regional co-operation. The body would take part in regular meetings with relevant ministries, private sector actors, and the National Trade Facilitation Committee, as well as meet with representatives of regional organisations and initiatives (TRACECA, CAREC, BSEC, OTS, TITR Association). It would also be entrusted with the supervision of the implementation and application of the agreements and related guarantees, while reporting mechanisms for the public should be added to ensure transparency.

The oversight body should also be entrusted with risk supervision for the development of trade and transit infrastructure, and especially in relation to the preservation of the Caspian Sea. In particular, it should assess the different risks related to the development of Kazakhstan's TITR sections as well as Caspian Sea infrastructure, by mainstreaming spatial planning frameworks, Strategic Environmental Assessments and Environmental Impact Assessments, and stricter regulatory and economic standards into infrastructure planning to encourage climate-resilient infrastructure investments (OECD, 2020^[36]). The body would also provide access to relevant information to domestic and foreign actors (ministries, state-owned enterprises, regulators, private sector firms, business associations, NGOs) involved in infrastructure planning, and liaise with international and regional platforms active in the preservation of the Caspian Sea. In particular, the oversight body should ensure that planned activity and infrastructure does not further damage the Caspian Sea nor its littoral.

Action 3: Advance trade facilitation co-ordination with neighbours and set an enabling framework for the development of a trans-national logistics services sector

The government should advance regional standardisation of trade and transit requirements, especially for trans-Caspian Sea traffic. Regional standardisation is a cornerstone in Kazakhstan's ambition to shift from transit country to regional transport and logistics hub. Developing interconnected transit information systems and procedures with other countries in the region and harmonising customs documents and requirements are the most pressing steps in that direction. In particular, in the framework of the Caspian hub, electronic data exchange across the Caspian Sea could benefit from a global transit document and digital support solutions, while the implementation of a Trans-Caspian port community system could be studied (OECD, 2023^[14]). Kazakhstan could also move to fast-track the paperwork for ships entering and leaving the ports and reduce duplication of administrative processes for ships that return to port multiple times a month using the same routes (e.g., Aktau-Makhachkala or Aktau-Alat).

Kazakhstan should further streamline and digitalise port processes. Digitalisation of authorisations for ship arrivals and departures would both simplify procedures and enhance control and monitoring of vessel movements by registering all arrivals and departures in a single electronic platform. In the Caspian

Sea, this could build on the pilot common digital data transmission system for cargo transport between the ports of Baku, Aktau, Kuryk and Turkmenbashi as part of the OSCE “Promoting Green Ports and Connectivity” project. During the OECD visit to Aktau, stakeholders suggested that trade document submission could be enhanced by better connecting port and government electronic platforms such as the electronic government one-stop shop egov.kz.

Kazakhstan should incentivise the development of a competitive logistics sector. In the framework of the Caspian Knot, the government should consider developing a modern and competitive logistics industry in tandem with port development. More broadly, within the framework of the CBC hubs, the government should incentivise the private sector to establish modern logistics centres providing efficient cargo handling, storage, and distribution. These could work as pilot projects to open up the logistics sector to competition, rationalise regulation in logistics and related services sectors, align it with regional neighbours, and allow for transnational logistics players enter the Kazakh market. In addition, the government should also support professional training and higher education in the field of logistics and transport (OECD, 2023^[13]).

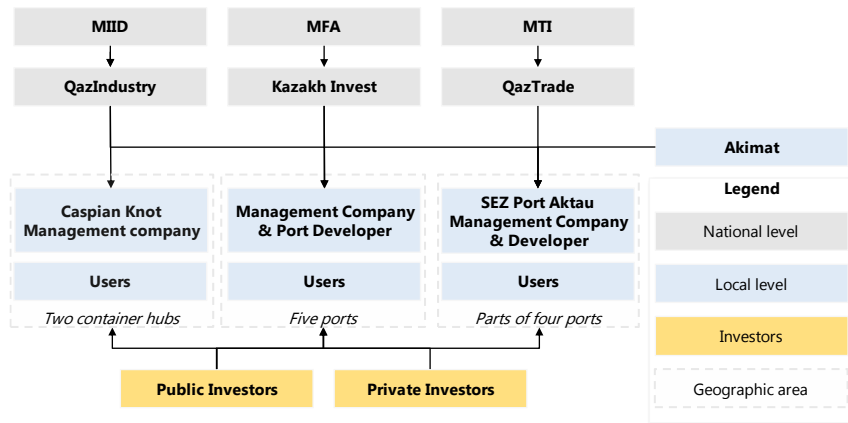
Increased private sector involvement in the Caspian Knot could support new development projects

Challenge 3.2: Sparse private sector inclusion in Kazakhstan’s Caspian ports slows down their development

The complexity of the Caspian knot governance structure prevents adequately identifying and addressing port infrastructure and development needs

The governance framework of CBC hubs and SEZs is complex and predominantly vertically driven. SEZs in Kazakhstan have a complex institutional set-up, with the national government formulating industry and sectoral development plans, including defining CBC hubs and SEZs strategies, industries, and their locations (OEC, 2022^[39]). The then-MIID sets the overall development objectives and implements the underlying economic policies. This includes SEZ programmes and their legislative framework covering cross-cutting topics such as tax regimes, customs regulations, trade agreements and security measures. In turn, their implementation requires the collaboration of ministries (then-MIID, MNE, MOF, MFA), specific departments (Transport, Customs), industrial development agencies, and local and regional *akimats*. All SEZs and industrial zones (IZs) are co-ordinated by the JSC Kazakhstan Centre for Industry and Export, also known as QazIndustry, which seeks to attract investments by improving the general business environment in SEZs. The operating costs of SEZ management companies and the provision of infrastructure facilities are funded largely by the then-MIID, the Samruk-Kazyna National Welfare Fund, Baiterek National Management Holding and, to a lesser extent, by *akimats*. Once created, SEZs in Kazakhstan are managed by a JSC that is owned by a government body or a state-owned enterprise.

Figure 4.4. Institutional set-up and governance of Caspian ports and Aktau SEZ



Source: OECD analysis.

The governance structures involving Kazakhstan’s Caspian ports, the Caspian Knot, and SEZ Aktau remain vague. Despite falling under the purviews of then-MIID, MFA, and MTI (Figure 4.4), the interdependencies between the three administrative layers are not clearly set out in legislation, creating uncertainty and significant overlap with respect to key development topics such as infrastructure investment planning, public-private partnerships (PPPs), stakeholder participation, and public-private dialogue. In particular, CBC hubs are not addressed in the December 2022 amendments to the 2019 law on SEZs and IZs, while *Concept 2030* does not address the CBC-SEZ relationship, either (Adilet, 2022^[2]; Adilet, 2022^[40]; Adilet, 2019^[41]). While *Concept 2030* indicates that the government seeks to appoint the Caspian Knot’s management company and develop, approve, and sign investment agreements, it remains unclear how the management will function and how it will interact with the Port of Aktau, the Port of Kuryk, the Sarzha MMT, and SEZ Aktau, which is governed by the Mangystau region as the only shareholder.

As a result, co-operation between all CBC hub actors remains largely *ad hoc*. At the national level, cross-level co-ordination has progressed, with a working group gathering relevant vice ministers, managers, and local administrations chaired quarterly by the MTI to report on the five CBC hubs’ progress, identify issues and decide on solutions and next steps to address bottlenecks. However, private sector participation seems to be absent from these meetings, and more generally from SEZ strategy design and implementation. In addition, at the level of individual CBC hubs, no structural co-operation mechanisms seem to exist. For instance, for the ports of Aktau and Kuryk, information exchange arises on an *ad hoc* basis between the two management companies, KTZ and Semurg Invest. As a result, stakeholders report difficulties in adequately identifying and addressing port infrastructure and development needs.

Box 4.6. The legal framework for public-private partnerships in Kazakhstan

Kazakhstan has developed a structured legal and institutional framework for Public Private Partnerships (PPPs) at both the national and regional levels, revolving around the 2006 Law “On Concessions” and the 2015 Law “On Public Private Partnership”, amended in January 2023, and providing an expansive definition of PPs. This legal grounding has been complemented by several institutions with the mandate to support PPP project preparation and review, including the Kazakhstan Project Preparation Fund providing support to line ministries and regions for commissioning studies (design, feasibility) and preparing project documentation (tender documents, and contracts), and the Kazakhstan PPP Centre, reporting to the MNE, supporting the development of PPP policy and legislation, and assessing the economic efficiency and budget affordability of PPP projects proposed by line ministries. Most line ministries have also created their own PPP units for developing PPP projects, which has been also done by regional governments.

The government has prioritised PPPs as a delivery mode for both economic and social infrastructure, with however limited impact at the national level due to financing challenges (both low demand from the domestic banking sector, and unwillingness from international investors to accept exposure to the domestic currency).

Recent work by the OECD and the EBRD however suggest that Kazakhstan’s overall PPP framework could be strengthened. Priority areas of attention and reform pertain to the dominance of public institutions which tends to limit market entry opportunities for competitors; capacity building (particularly during the project preparation phase); transparency and accounting of contingent liabilities; and transparency and competition in procurement contract, in particular on contract management implementation and monitoring.

Source: OECD analysis based on (EBRD, 2023^[42]; Ruiz Rivadeneira and Garin, 2019^[43]).

Despite the existence of a comprehensive PPP framework to finance investments, PPPs remain rare for transport projects. Since the 2006 Law on Concessions and the 2015 PPP Law, Kazakhstan has supported better defining interactions between state agencies, local authorities, local executive bodies, and the private sector within a PPP framework covering private-sector involvement in state asset management and enhanced investment attraction (Box 4.6) (UNESCAP, 2018^[44]; ITF-OECD, 2019^[25]) However, only 3% of Kazakhstan’s 1,357 PPP-funded projects are in transport infrastructure and only three large scale transport PPP projects are ongoing, all in and around Almaty Almaty (UNESCAP, 2018^[44]; ADB, 2022^[45]; KZPPP, 2023^[46]). *Concept 2030* notes that PPPs will be used to develop the infrastructure of seaports and attract private investment to create transport and logistics infrastructure, but it presents neither an investment plan nor defined a list of projects along with estimated required funds.

Maritime PPP projects remain very limited in Kazakhstan. The last roundtable discussion on PPPs in Aktau SEZ was held in 2016, while no PPPs in Kazakhstan’s Caspian ports seem to be active so far, with the exception of an MoU signed in December 2022 between UAE-based AD Ports Group and the then-MIID to help develop its international trade and transit corridors the MIID to help develop its international trade and transit corridors (Port Technology International, 2023^[47]). Stakeholders interviewed by the OECD indicated that this absence may prevent building the necessary knowledge and expertise required to implement Kazakhstan’s port infrastructure development strategies.

Although the government has started to withdraw from port operation while retaining ownership, private-sector representation in port management remains insufficient. Kazakhstan has been looking

to increase private participation in port infrastructure development, e.g., in Aktau Maritime North Terminal (AMNT) and the Sarzha MMT, but neither partnership falls under a PPP model (Adilet, 2022^[2]). On the other hand, building on the successful co-operation in the management of SEZ Khorgos–East Gate since 2013, the UAE-based port operator Dubai Port World (DP World) signed a management agreement in 2014 with the Port of Aktau, followed by an MoU with Mangystau region in 2017, to add shipping capacity, create a logistics area, and attract private investment to develop SEZ Aktau’s infrastructure (Seatrade Maritime News, 2017^[48]; alBawaba, 2017^[49]; Astana Times, 2014^[50]). The following year, DP World acquired a 49% stake in the SEZ from the Mangystau region. Yet OECD interviews indicated that DP World seems to have withdrawn from the port of Aktau, and that foreign involvement today is limited to advisory services on container hub development. As a result, private sector involvement in the management of Kazakhstan’s Caspian ports seems limited to two international companies (Table 4.2).

Table 4.2. Overview of ownership structure in Kazakhstan’s Caspian Sea ports

Name	Legal format	Ownership type	Ownership structure
Aktau International Sea Trade Port- Bautino (Port of Aktau)	Joint Stock Company	Public	KTZ (Samryk-Kazyna)– 100%
Aktau Marine North Terminal (AMNT)	Limited Liability Partnership	Private/Public	Interport Development PTE. Ltd - 60% KTZ Express JSC (KTZ/Samryk-Kazyna) - 30% NC Aktau International Sea Trade Port JSC - 10%
Kuryk Port – Ferry Terminal (Port of Kuryk)	Limited Liability Partnership	Public	KTZ Express JSC (KTZ/Samryk-Kazyna) - 100%
Sarzha Multifunctional Marine Terminal (Sarzha MMT)	Limited Liability Partnership	Private	Semurg Invest LLP (private individual) – 100%
SEZ Seaport Aktau (SEZ Aktau)	Joint Stock Company	Public	Mangystau Region – 100%

Note: OECD’s definition of private or public companies is used here. The OECD defines private firms as “organisations that engage in profit-seeking activities and have a majority private ownership (i.e., not owned or operated by a government)”

Source: (Samruk Kazyna, 2017^[51]; Port Aktau, 2023^[21]; Kuryk, 2023^[6]; Port Technology International, 2018^[52]).

Public-private dialogue (PPD) seems to be missing in port and CBC hub development

Dialogue with the private sector remains insufficiently formalised and integrated in strategic planning and implementation. OECD interviews indicate that formal PPD arrangements and consultations in relation to port and CBC hub development remain an exception, and when existing, they mainly apply to specific projects rather than the development of comprehensive strategies. For instance, the government held a town hall meeting in 2022 with Kuryk inhabitants to discuss the development of the Caspian Knot CBC and the enlarged SEZ Aktau. However, it remains unclear whether and how feedback has been integrated into the design of the Caspian Knot strategy. In general, OECD interviews indicate that public-private dialogue depends on the discretion of policy implementing agencies and, if it occurs, methodologies are not sufficiently transparent to evaluate its influence on the policy cycle.

Environmental considerations exist, but they are not formalised yet. Since the *Nurly Zhol* 2015-19, the importance of a cautious approach to environment was voiced. The practice was followed in the 2020-25 strategy with some broad objectives on the importance of green transition and green freight, but without a concrete framework to act upon. The Concept 2030 established December 2023 as a deadline for the drafting and the adoption of a roadmap on the use of green technologies in freight, yet it seems to be still in development (Adilet, 2022^[53]). In addition, the Law on Special Economic Zones contains an obligation to carry out an environmental impact assessment only before the set-up of an “industrial zone of regional importance”, and in the case of a request for extending its territory, and not for each SEZ project (Adilet, 2019^[54]).

Information-sharing by non-governmental stakeholders remains limited. On the institutional side, CBC hubs and in particular the Caspian Knot and the SEZ Aktau lack institutional reporting or feedback mechanisms to engage with regional non-governmental and private-sector representatives. For instance, the board of SEZ Aktau is limited to SEZ and Mangystau representatives; it does not convene public discussions (SEZ Pavlodar, 2022^[55]). On the other hand, co-operation issues are exacerbated by a lack of trust and a reluctance to share information by private and non-governmental stakeholders (ITF-OECD, 2019^[25]).

Recommendation 3.2: Develop an institutional framework and practices to increase private sector participation in the development of the Caspian Knot

Action 4: Simplify the governance structure of Kazakhstan’s CBC hubs, and enhance co-ordination between line ministries and with the private sector

The government should clarify the institutional relationship between the Caspian Knot, SEZ Aktau and the Ports of Aktau and Kuryk. A mapping of all strategic stakeholders, public and private, involved in these different structures should be carried out to identify clearly their responsibilities and interrelationships. On the public side, this should include the institutional roles and responsibilities of entities such as the MNE, then-MIID, MTI, MFA, MOF, and executive agencies such as KPPPC, while for the private sector, it should cover key actors involved in transport and infrastructure development (ADB, 2022^[45]). Based on this mapping, the government can streamline overlapping mandates, and clarify institutional relationships between all layers of governance. It can also publish the streamlined governance structure in the investor guide of SEZ Aktau, to provide greater clarity to potential investors.

The government should enhance co-ordination between the roadmaps for the Caspian Knot and the broader investment promotion, and transport and logistics infrastructure strategies. Once all relevant actors at each level of the Caspian Knot are identified, the government should ensure co-ordination across the respective public entities overseeing SEZs and CBCs to avoid policy misalignment, and duplication. For instance, the authorities could consider regular thematic meetings at the operative level to address cross-cutting issues faced by these zones and promote the sharing of good practices (CAREC-ADB, 2018^[56]; OECD, 2020^[57]). Given the centrality of the Caspian Knot in Kazakhstan’s plans to develop the TITR, SEZ and CBC policies need to be integrated within the country’s broader transport development and investment strategies.

Action 5: Develop an institutional environment conducive to greater private sector participation in infrastructure financing and development

Kazakhstan should improve the enabling environment for infrastructure investment to secure private sector participation. As outlined in the OECD Principles for Private Sector Participation in Infrastructure, successful private participation in the infrastructure sector of a country depends in large measure on the quality of the national investment climate. The business climate has improved in Kazakhstan in recent years, but issues remain in relation to corporate governance, restrictions on foreign investment, and contract enforcement (OECD, 2023^[58]; OECD, 2024^[59]; OECD, 2023^[13]). In the framework of the development of its CBC hubs, addressing these issues is a key priority. For the Caspian Knot in particular, where infrastructure projects involve separate jurisdictions, as in Aktau or Kuryk, the government should develop projects with clear objectives and underpinned by formal agreements and dispute resolution mechanisms (OECD, 2020^[36]).

The government should allow for feasibility studies for infrastructure construction projects. Current legislation prevents national or local budgets from financing feasibility studies and estimation documentation for infrastructure construction projects, hampering the development of missing infrastructure. Allowing them to finance such work would be an important step towards a structured

dialogue for infrastructure development, allowing participants to define projects based on their suitability, and design PPP modalities where needed (ADB, 2022^[45]). More broadly, the government should introduce a broad dialogue around PPPs including all relevant actors to balance national and regional objectives, as South Korea has done (Box 4.7).

Box 4.7. Public-Private Partnerships in South Korea's ports

South Korea has launched 19 PPP port projects since the implementation of the 1994 PPP law, establishing a “landlord” port model where the government provides basic infrastructure, harbour and hinterland facilities as well as road and rail access, while entrusting port and logistics operations to the private sector.

Busan New Port was established in 2003, began operations in 2006, and was incorporated into Busan-Jinhae Free Economic Zone in 2020, making it the largest free trade port in South Korea (2.83 million m²). Port performance was adapted to changing demand by:

- introducing active risk management for PPP ports, involving rigorous risk analysis and a risk-sharing structure between private and public actors;
- involving private parties (port operating and shipping companies) from the planning to the implementation stage of a project;
- including private sector feedback into a consistent National Seaport Construction Plan to prevent under- or overcapacity or individual ports; and
- developing general good governance principles to secure long-term sustainability of the port, including a degree of flexibility in contractual agreements to deal with operational volatility, and active involvement of operating and shipping companies to reduce demand-side risks.

Source: (Ministry of Strategy and Finance, 2015^[60]).

The governments should also continue to promote regional integration initiatives around the Caspian Knot. For the private sector to engage more actively in the development of the hub's infrastructure, the government should support initiatives to innovation and entrepreneurship around the ports and the SEZ (Box 4.9). For instance, it could support linkages between local SMEs and national or international multinational enterprises to boost GVC integration, and entrepreneurship development programmes (OECD, 2023^[14]).

Action 6: Develop a comprehensive public-private dialogue mechanism (PPD)

The government should introduce formal feedback mechanisms to allow for timely discussion of infrastructure and other development needs. Public and private actors in the Caspian Knot (*akimats*, investors, firms) should regularly assess gaps between strategies and their implementation, and identify key challenges faced on the ground (ADB, 2021^[61]; World Bank, 2014^[62]). For instance, they could convene in the form of regular (for instance annual or bi-annual) meetings between port and infrastructure operators, business associations having a stake in trade and transit, and line agencies and ministries (Box 4.8). A formal mandate, for instance a MoU, should clearly address the purpose of the PPD, and lay out its objectives (OECD-World Bank, 2015^[63]; World Bank, 2014^[62]). Other reporting channels to maximise private sector participation could also be developed: steering committees with private sector representatives, formal communication lines, or market sounding exercises to provide feedback on a project.

Box 4.8. South African SEZ's Community Stakeholder Network

In 2018, Atlantis SEZ (ASEZ) established the Community Stakeholder Network (CSN), the first elected community network for SEZs in South Africa. The partnership was formalised in 2020 through a Community Facilitation Agreement which outlines the obligations of both parties. The CSN:

- is the main institutional interlocutor for all institutional actors (e.g. the National Department of Trade, Industry and Competition, the Provincial Department of Economic Development and Tourism, and the City of Cape Town);
- represents different sectors and functions as a conduit of information between the ASEZ and the Atlantis community;
- provides capacity building activities to its members to ensure they are well equipped to achieve their mandate; and
- is supported by an independent facilitator to assist in governance, skills development, community engagement, and conflict resolution.

The CSN has already contributed to shaping ASEZ policy priorities, for instance youth skills development (training, mentoring and exposure to ASEZ firms to meet labour needs).

Source: Adapted from (Atlantis SEZ, 2023^[64]).

The government should also consider creating a detailed public consultation process around the development of the Caspian Knot. If successful, the Caspian Knot and the SEZ Aktau can affect positively the economic performance of surrounding areas. However, this also requires including the expectations, concerns, and needs of the broader business and non-business communities in the policy cycle. The government should therefore develop a structure dialogue platform with local communities to gather their inputs and feedback. In particular, in relation to the development of both Caspian Sea ports, the example of European ports, where initiatives focused on the good co-habitation with local communities, could be followed (ESPO, 2022^[65]).

The information gathered should be integrated in the policy cycle for the further development of the Caspian Knot. The outcome of the PPD should be integrated throughout the design and implementation stages of *Concept 2030* and the TITR 2022-27 Roadmap, to adapt plans to evolving infrastructure and other development needs, and ensure there are no omissions in the policy documents. At the local level, inputs gathered should also be included into individual port masterplans by the port managing authority. The government should also use these regular meetings to engage with stakeholders, keeping them updated of relevant policy developments and collect their feedback on infrastructure and investment promotion policies.

Introducing a monitoring and evaluation system to CBC hubs and SEZs could help adjusting policy support

Challenge 3.3: The performance of Kazakhstan's SEZs and CBC hubs cannot be assessed, preventing timely adjustments to their operational structure

The lack of harmonisation of benefits within and across zones creates operational difficulties for firms

SEZs and CBC hubs are a core element of the government's industrial diversification policy. Most recently, the National Investment Strategy 2023-2026 emphasises boosting the volume and value added of exports, by increasing labour productivity, developing new production facilities for higher value-added products, and gradually locating more production within Kazakhstan, including through the development and promotion of SEZs (Prime Minister, 2022^[66]). SEZs are part of the broader national investment promotion and facilitation framework involving national and regional policies and institutions. Each of Kazakhstan's 13 SEZs and 37 IZs has a specific sectoral orientation, with a special legal regime and dedicated infrastructure, including ready-made production sites to help reduce investors' capital costs and accelerate investment decisions (QazIndustry, 2023^[67]; OECD, 2017^[68]).

Kazakhstan has made significant progress in integrating Aktau SEZ within the broader industrial development framework. Existing for more than two decades, SEZ Aktau is one of the country's oldest, and most productive SEZs together with SEZ Astana-New City and SEZ Park of Innovative Technologies in Almaty (CAREC-ADB, 2018^[56]; Prime Minister, 2022^[69]). The port of Aktau and its Bautino cargo area have been the zone's most recent inclusion. As of 2022, 46 private companies active in manufacturing, warehousing and logistics, and tourism development were registered in SEZ Aktau. According to QazTrade, the zone has attracted KZT 263.5bn (2022 USD 579.7m) of investments, of which 63.7% is foreign, with infrastructure investments amounting to KZT 7.8bn (USD 17.2m) for public funds and KZT 33.4bn (USD 73.5m) for private ones. In comparison, the SEZ Khorgos on the Kazakhstan-China border declared in 2020 having 28 private companies working on 41 investment projects worth KZT 259.5 bn (2020 USD 622.8m) (JSC Khorgos, 2020^[70]). In contrast, in 2022 the SEZ Pavlodar attracted KZT 81.24 bn (2022 USD 178.7m) in investment, but only a fourth of them (KZT 21.45 bn or 2022 USD 47.19 m) were foreign (SEZ Pavlodar, 2022^[55]). The 2019 law on SEZs and the 2022 amendments have widened the customs and tax advantages and non-fiscal incentives available to firms operating in SEZ Aktau, including an SEZ-specific Single Window for dealing with customs and tax matters (Adilet, 2022^[40]; Adilet, 2018^[3]; Adilet, 2022^[2]; UNCTAD, 2019^[71]).

However, the absence of tax benefit harmonisation between SEZ Aktau and the Caspian Knot CBC hub worries the private sector. Kazakhstan's current tax code does not provide for tax preferences in the Caspian Knot, which creates *de facto* differential treatment between developers and operators from SEZ, and other private sector actors active in the Caspian Knot. This situation carries the risk of distorting domestic competition around the zone (Box 4.9), as indicated in OECD interviews by actors active in, or considering activity in, the container hub and other port infrastructure.

OECD interviews also pointed towards remaining legislative hurdles deterring activity in SEZ Aktau and the Caspian Knot CBC hub. Interviewees cited mostly the length of approval for applications to conduct SEZ activities, which can take up to a year, and the incompatibility of SEZ legislation with operations. For instance, operators in the Port of Aktau face issues in transiting containers in their temporary warehouses as SEZ regulations require all cargo to be processed within 24 hours, whereas given their capacity, port operators need 24-72 hours to do so (Prime Minister, 2022^[69]).

Box 4.9. Special Economic Zones (SEZs): Rationale and international experience

SEZ rationale: developing a growth engine at the regional level through spillover effects

In theory, the set-up of a special economic zone aims at creating more favourable conditions in a small area so as to kick-start the development of a region and support a country's competitive agenda. Three main reasons stand out:

- Addressing market failures by making specific activities that generate significant positive externalities - and that the market on its own is likely to under-supply - more attractive to the private sector through favourable conditions (e.g. fiscal, regulatory, material, etc.).
- Compensating for state failures by creating regulatory, tax and other institutional conditions that are more favourable in the SEZ than in the wider economy, governments seek to compensate for weak institutions and contracting environments to attract investment (particularly FDI).
- Addressing infrastructure bottlenecks in specific places, where governments expect to be able to develop and diversify exports and/or foster the development of clusters.

In practice however, special zones often reflect the will of governments to force the pace of a given sector's development or force the rooting of specific activities in a given setting disregarded by investors. As a result, a common pitfall among zones is that they create competitive distortions - reflecting political priorities for a given sector or region - rather than spillovers with their host region and the country at large (e.g. dissemination of knowledge and technology and co-operation between industrial firms and universities).

International experience with special zones is mixed: additionality vs. distortive advantage

SEZs have been used by a few countries including China (Wang, 2010^[72]), Mauritius (Charitar and Narrainen, 2009^[73]), Vietnam, Bangladesh and some Central American countries (Farole, 2011^[74]) as an instrument for broader economic transformation. Successful zones have managed to develop positive economic *spillovers* with host regions and create activities that would not have developed in the absence of SEZ privileges (*additionality*). However, in most other cases, zones have become offshore enclaves generating investments and jobs inside their territory, without broader impact on host economies (Farole, 2011^[74]; FIAS, 2008^[75]). International experience shows that zone design, and the state of domestic institutions, are the most important elements to generate spillovers and additionality:

- Successful zones build on countries' existing comparative advantages rather than trying to force the emergence of new ones.
- Zone programmes require a high degree of policy consistency, across both time and policy domains (Charitar and Narrainen, 2009^[73]).
- The quality and reliability of infrastructure, and a good business environment matter more than fiscal incentives to attract investors (Farole, 2011^[74]). In general, privately owned and operated zones tend to offer better infrastructure and amenities at lower cost (FIAS, 2008^[75]).
- The development of downward linkages to domestic economic activity often requires the coordination of complementary economy-wide policies (e.g. skills development, knowledge-sharing and cluster policy) with zone development (FIAS, 2008^[75]).
- Design must also be cautious not to undermine the competitiveness of domestic firms near to but outside the zone and help limit segmentation in domestic labour markets.

Source: Adapted from (OECD, 2014^[76]).

The absence of clear objectives and performance assessment complicates identifying and addressing issues

The government monitors the operations of SEZs. OECD interviews indicated that the then-MIID evaluates SEZs along three dimensions: performance indicators such as investment and export volumes, infrastructure development, and zone development. Kazakh Invest also screens the state of SEZ infrastructure, and together with then-MIID and regional *akimats*, monitors compliance with the terms of reference of contracts. This monitoring is based on data collected through the SEZ management companies, responsible for collecting the annual reports of their zone users and reporting them to Kazakh Invest.

However, a more mature output-oriented monitoring system needs to be included in the policy cycle. The current monitoring of SEZ activity favours an operational approach over an outcome-based analysis of SEZ performance in attaining policy objectives. Neither *Concept 2030* nor other government strategy or policy documents related to SEZs and CBC hubs set out clear objectives, evaluation or reporting requirements such as key performance indicators (KPIs). While public agencies publish yearly reports on programmes implemented and activities undertaken in SEZs, Kazakhstan does not formally use outcome-based indicators to assess activities. In addition, it is unclear how the current monitoring of SEZ activity feeds into the policy cycle and, in particular, into Kazakh Invest's SEZ strategy and policy development or QazIndustry's mandate to improve the overall SEZ business environment. Finally, a lack of regular user and investor surveys – both by public agencies and SEZ management companies – to evaluate obstacles to activities or investments further impedes effective SEZ and CBC policy design.

Finally, the economic and environmental aspects of operations in the Caspian Knot, especially in relation to declining water levels in the Caspian Sea, must be taken into account. In Kazakhstan, as in the other Caspian Sea littoral countries, assessments of risks and vulnerability of the region's ecosystem and economic activities to sea-level decline are largely absent, and have been exacerbated both by the perception of periodic Caspian sea level fluctuations as a self-regulating phenomenon and a spatial optimism bias where not all communities have the same perception of the impact of sea level decline (Prange, Wilke and Wesselingh, 2020^[16]). The recent acceleration shoreline recession in Kazakhstan, however, seems to have triggered a change, with the city of Aktau declaring a state of emergency during the Summer of 2023, followed by an acknowledgment of the issue by the Minister of Environment and the creation of the public Kazakh Scientific Research Institute of the Caspian Sea in early 2024. The Institute is entrusted with the conduct of environmental monitoring and research for the Kazakh section of the Caspian, and the strengthening of cooperation with other littoral states for the conservation of the Sea (Rferl, 2023^[17]).

Recommendation 3.3: Integrate monitoring and evaluation of CBC hubs and SEZs into the policy cycle

Action 7: Develop a formal performance-based monitoring and evaluation (M&E) framework for SEZ and CBC hub activity and integrate its outcomes in the policy cycle

The government should develop indicators measuring the outcomes and impacts of SEZ and CBC hub activities. More complex and outcome-oriented evaluation tools would allow the monitoring process to better inform the government about strategic choices to further enhance and target incentives to the development of SEZ and CBC hub activities. To the extent possible, the evaluation framework should include an assessment of impact relative to what would have occurred in the absence of SEZ and CBC hub privileges (*additionality*), as well as an assessment of effects in terms of employment creation or investment generation in the surrounding regions (*spillovers*) (Box 4.9). The implementation of qualitative and quantitative KPIs would enable an assessment of the cost-effectiveness of operations, the rate of return on services provided, and the regular review of progress.

The government should use external KPIs to incorporate feedback from SEZ and CBC hub stakeholders. Such an approach would allow measurement of users' appreciation of the regulatory, tax, and infrastructure services they received, ensure that the service offer met business needs, identify new needs, and inform line ministries to feed into national investment, trade, and transit strategies. External KPIs could be set as part of a multi-year contract between SEZ and CBC hub management companies and line ministries, including quantified objectives, and regular annual or infra-annual reporting. The value feedback scheme should be run with a specific budget, financing a dedicated internal team, and should cover private sector focus groups and roundtables, reports to analyse and propose solutions for specific needs, and a long-term evaluation of the efficiency of services in terms of business generation and job creation.

This monitoring should be complemented by internal KPIs to assess the efficiency of SEZs and CBC hubs in reaching national policy goals. Efficiency of SEZ and CBC hub activity should be rigorously defined through a set of KPIs, based on quantitative and qualitative indicators, including macroeconomic indicators (e.g. total exports, or share of SMEs in total exports), and purely output-based indicators, such as the number of new business contracts concluded after having benefitted from a SEZ incentive, or average additional turnover. The further introduction of regular surveys of businesses to adapt the priorities and objectives of SEZ and CBC hub policies can help inform the government when expanding the CBC hub concept to other locations and prolonging the benefits of SEZs.

Box 4.10. China's evaluation of SEZs

In China, the performance of economic and technological development zones and high-tech development zones is regularly evaluated since the 1996 Administrative Decree from the Ministry of Science and Technology. Zones experiencing management issues or slow development results need to rectify their performance within a time limit, failing which they lose their special status.

Since 2016, ministries evaluate SEZs for their innovative capacity and economic performance on 5 categories: industrial capacity, technological innovation, regional integration, environmental protection and administrative efficiency), and 53 indicators including:

- **Traditional indicators** (industrial output, revenue, productivity, GDP, R&D expense, FDI inflows, value of foreign trade and number of listed companies)
- **Sustainability-oriented indicators** (numbers of vocational training institutions, consumption of energy and water, emissions, recycle rate, etc.)

An exit system is applied to the five lowest ranking SEZs for two consecutive years, while the top 30 zones and top ten in each category are published yearly. An online single-window approval system for investment facilitation is also an indicator for administrative efficiency and encourages SEZs to develop their single windows/OSSs.

Source: Adapted from (UNCTAD, 2019^[71]).

The government could also develop and use KPIs assessing the economic and social performance of its SEZs and CBC hubs. Since international investors seem increasingly concerned with more rigorous environmental and social standards, an international framework on eco-industrial parks (EIP) has been developed by UNIDO, World Bank Group, and GIZ to help countries and zones apply principles of eco-industrial development and develop an "economic and social" competitive advantage over other locations competing for the same investors. The framework's performance requirements cover four dimensions, including environmental and social performance, with associated KPIs Kazakhstan could take inspiration from (World Bank, 2019^[71]).

Kazakhstan should generalise the use of monitoring strategies and KPIs to inform SEZ and CBC hub policy development. Once the assessment framework of zone activities is designed, its outcomes should be integrated in the policy cycle to help understand and adjust their effectiveness and realign priorities, policies, and funds as needed (Box 4.10). In the context of the CBC hub development, a constantly evolving national and international trade and transit environment requires public and private actors to reassess and realign priorities regularly. For instance, for the Caspian Knot and SEZ Aktau, KPIs included in port masterplans should be regularly reviewed based on progress, macro-economic developments, and stakeholder feedback. Finally, the work of the Kazakh Scientific Research Institute of the Caspian Sea should be regularly shared with policymakers to be integrated in the discussion and development of all infrastructure and other development plans for the Caspian Knot. Such an integrated approach is also an important element to help secure policy consistency in zone and CBC hub design (Box 4.9).

Action 8: Use SEZs as a “policy lab” to ease the operational environment for business

Kazakhstan could develop non-tax incentives benefitting both to companies active in SEZ Aktau and the CBC hubs. Kazakhstan’s successful non-tax business and investment facilitation efforts in SEZ, could be extended to all businesses operating in surrounding CBC hubs to avoid creating competitive distortions. The extension of simplified investment approval processes and expatriate work permits, removal of requirements for import and export licenses, or accelerated customs inspection procedures would level the playing field between businesses and contribute to the competitiveness of the CBC hubs.

The government could also gradually reduce income-based tax incentives in SEZ Aktau while introducing expenditure-based incentives in the broader Caspian Knot. Recent OECD work shows that most studies do not find that investment tax incentives (reduced corporate income tax rates and exemptions) have a significant positive impact on facilitating more investment as they tend to attract mostly investors, which would have invested anyways. On the contrary, expenditure-based tax incentives (tax credits and allowances) tend to have a larger impact on investment decisions since they support investors, which might not have invested otherwise by reducing their costs (OECD, 2022^[78]).

More broadly, Kazakhstan’s existing SEZs could be used as a policy testing ground for broader tax and regulation easing reforms across the country. The optimal policies for a country’s context remaining mainly unknown *ex ante*, a policy trial (tax policy, regulations, administrative facilitation, etc.) within a SEZ can hint towards reforms that can and should be generalised to the rest of the economy (IGC, 2019^[79]; OECD, 2010^[80]; OECD, 2014^[76]). Following a positive cost-benefit evaluation - based on a rigorous outcome-based monitoring- of a specific incentive that generated positive outcomes in one or more SEZs across Kazakhstan, such as the simplification of customs procedures or the introduction of environmental impact assessments, the policy could be made available economy wide. The 2023 then-MIID roadmap for SEZs, allowing for the differentiation in providing investment preferences in SEZs, could open the door to piloting regulatory projects within the confines of Aktau SEZ or other SEZs before mainstreaming them among other SEZs, CBC hubs, or throughout the country (Prime Minister, 2022^[69]; QazIndustry, 2023^[67]).

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Annex A. Methodology

Overview of the project

In May 2022, the OECD, with the financial support of the Republic of Kazakhstan, launched a new project to improve trade connectivity in Central Asia, and export promotion in Kazakhstan. This project complements the 2019 joint OECD-ITF assessment of connectivity and freight challenges in Central Asia. A first report taking stock of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan's progress in the OECD Trade Facilitation Indicators (TFI) and presenting preliminary results for Turkmenistan for the first time has been published in December 2023. The report showcased areas of TFI improvement, evaluated remaining trade barriers and provided recommendations for trade facilitation reforms, the need for a co-ordinated approach to improving trade facilitation across the region to reduce trade costs substantially, lifting both trade turnover and growth.

This report summarises the analytical guidance and capacity-building on export promotion policies in Kazakhstan provided by the OECD in 2022 and 2023. It focuses on practical aspects of export diversification agreed upon in collaboration with the government of Kazakhstan: (i) how to develop export promotion policies for SMEs; (ii) how to design a one-stop shop for exporting SMEs; and (iii) how to improve cross-border co-operation in Kazakhstan's Caspian Sea ports.

Data collection process

This note summarises OECD findings and recommendations based on a series of interviews, questionnaires, and a study visit to Aktau, Kazakhstan. The OECD collected data through a series of consultations with public and private stakeholders in Kazakhstan to assess and develop recommendations on each of the three dimensions of the analysis (Table A.1). Complementing the interviews, detailed questionnaires and data requests have been sent to the Ministry of Trade and Integration, QazTrade, Kazakh Export, Atameken, and the Chamber of Commerce of Kazakhstan. The OECD also conducted a three-day study visit to Aktau, Kazakhstan, which was organised and accompanied by QazTrade.

The note further built on the extensive corpus of OECD research on SMEs, trade and export promotion, and has been supported by analytical notes from QazTrade. In addition to the interviews and questionnaires, data has been collected by the OECD through desk research, and benchmarked against OECD best practices. The work has also benefitted from in-depth analytical notes drafted by QazTrade for each dimension of the analysis. For each dimension, the OECD then assessed the current state, identified challenges, priority areas for policy action, and possible drivers for implementation.

Table A.1. Selected list of interviews conducted by the OECD

Institution	Date
QazTrade	November 8, 2022
	February 14, 2023
	February 15, 2023
	March 17, 2023
	June 29, 2023
Minister of National Economy	November 8, 2022
European Union Delegation to Kazakhstan	November 8, 2022
Deputy Prime Minister and Minister of Finance of Kazakhstan	November 8, 2022
World Bank Group	November 9, 2022
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	November 9, 2022
	February 15, 2023
Kazakh Export	November 25, 2022
Atameken	November 28, 2022
Ministry of Trade and Integration	February 15, 2023
European Bank for Reconstruction and Development (EBRD)	June 16, 2023
Aktau Port	June 26, 2023
Mangystau Akimat	June 27, 2023
Semurg Invest LLP	June 27, 2023
QazIndustry	June 30, 2023

The OECD regularly discussed preliminary findings and recommendations during working-group meetings in Astana, Kazakhstan. Three working groups (WG) brought together representatives from the government of Kazakhstan, business associations, embassies, private sector representatives, and development partners throughout the project (Table A.2). During each WG, the OECD presented and discussed preliminary findings and recommendations with participants, and gathered additional information.

Table A.2. Overview of working groups

Agenda of meetings	Key participants	Date
Launch event, discussion of initial Kazakhstan TFI findings, discussion of initial findings and recommendations on the export promotion framework chapter	Government of Kazakhstan and key public actors including Ministry of Trade and Integration, Ministry of National Economy, Ministry of Finance, Ministry of Digital Development, Innovation and Aerospace Industry, Ministry of Industry and Infrastructure Development, QazTrade, QazIndustry, Kazakh Export, Kazakh Invest	9 November 2022
Discussion of updates on Kazakhstan TFIs and initial Kyrgyzstan and Uzbekistan TFIs, presentation of updated export promotion framework findings and recommendations and initial ones for the one-stop shop chapter		15 February 2023
Presentation of updates on the one-stop shop chapter and discussion of preliminary findings and recommendations of the cross-border co-operation chapter	International development partners and private sector representatives including GIZ, EU Embassies, Atameken, Chamber of International Commerce	30 June 2023

Diversifying Kazakhstan's Exports

INSTITUTIONS, POLICIES, INFRASTRUCTURES

Kazakhstan's trade performance has displayed remarkable resilience to recent economic shocks, including Russia's full-scale invasion of Ukraine and the ensuing international sanctions. However, connectivity remains one of the greatest challenges facing the country: its trade integration is limited by low density of settlement and economic activity, infrastructure bottlenecks, weaknesses in trade facilitation, and long distances to major markets; its economy still depends on a limited number of export commodities and a narrow range of trading partners.

This report summarises the analytical guidance and capacity-building on export diversification in Kazakhstan provided by the OECD in 2022 and 2023. The report complements recent OECD work on trade connectivity in Central Asia, by focusing on practical aspects of export diversification identified in collaboration with the government of Kazakhstan: (i) how to develop export promotion policies for SMEs; (ii) how to design a one-stop shop for exporting SMEs; and (iii) how to improve cross-border co-operation in Kazakhstan's Caspian Sea ports.



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