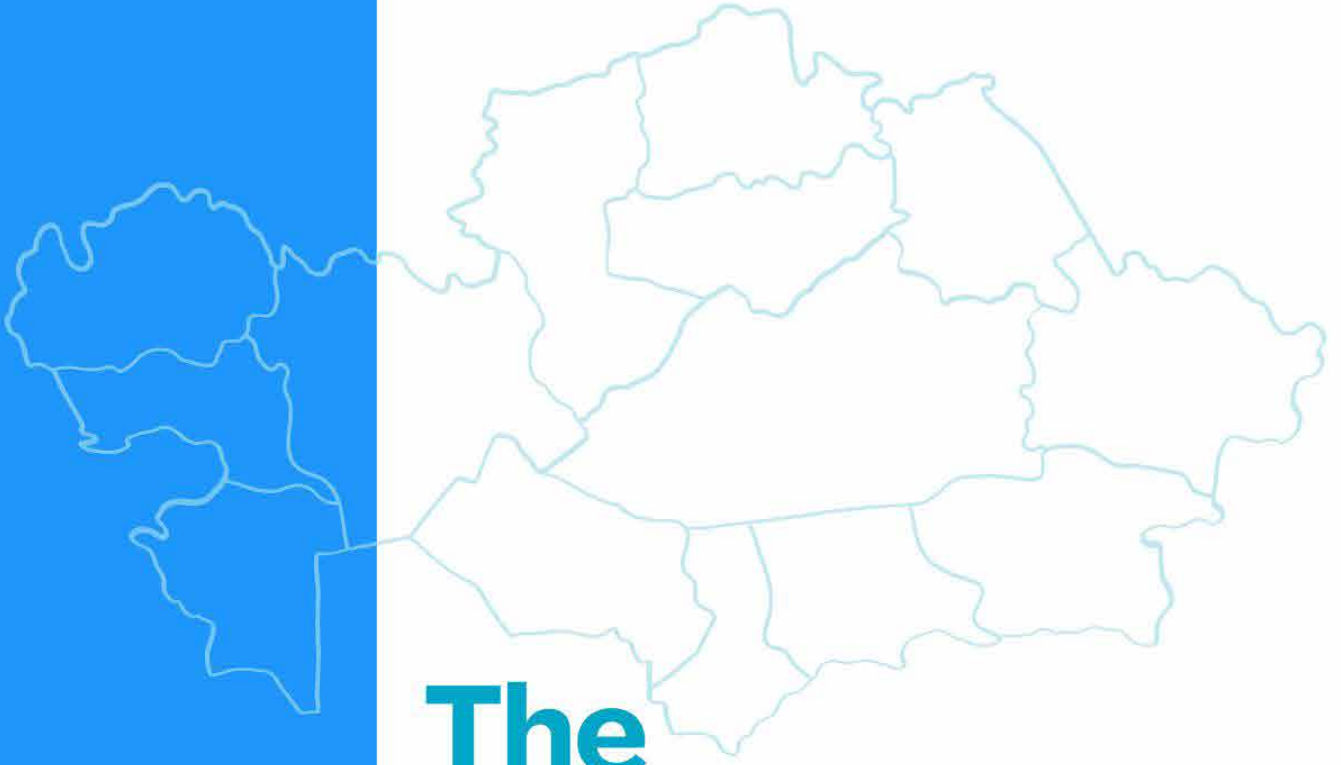




The Republic of Kazakhstan

MARKET ACCESS SERIES 2024-25

JUNE 2025



The Republic of Kazakhstan

MARKET ACCESS SERIES 2024-25

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The Pakistan Business Council:

An Overview:

The Pakistan Business Council (PBC) is a research-based business advocacy platform established in 2005. It is now supported by over 100 private sector local and multinational businesses with significant investment in, and long-term commitment to sustainable growth of the country. They come from 14 countries, have leading roles in 17 major sectors of the formal economy, generate 40% of annual exports, contribute a third of Pakistan's total tax revenues and employ three million. Their combined sales represent every 6th Rupee of Pakistan's GDP.

PBC's major objectives are to advocate policies that lead to creation of jobs, value-added exports and reduction in import reliance through improved competitiveness of manufacturing, services and the agriculture sectors. It also promotes formalization of the economy.

PBC's over-arching theme, **"Make-in-Pakistan"** consists of three pillars: **"Grow More/Grow Better"**, **"Make More/Make Better"** and **"Serve More/Serve Better."** Its evidence-based advocacy is backed by over a hundred studies to date through its full-time research team, supplemented by collaborative research with renowned industry experts and economists. Through its Centre of Excellence in Responsible Business (CERB), PBC works to build capacity and capability of businesses beyond its membership, to adopt high environmental, social and governance standards. PBC holds conferences, seminars and webinars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan. Through its presence in Islamabad and Karachi, it works closely with relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues impacting the economy.

PBC is a pan-sectoral, not-for-profit, Section 42 entity. It is not a trade body; therefore, it does not advocate for any specific business sector. Rather, its key advocacy thrust is on easing barriers that thwart competitiveness of businesses in Pakistan. Further information on the PBC is available on: www.pbc.org.pk.

The PBC's Founding Objectives

- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and fieldwork for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.
- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

The PBC Member Companies





The PBC Affiliates



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Acronyms

ADB	Asian Development Bank
APTTA	Afghanistan-Pakistan Transit Trade Agreement
BRI	Belt and Road Initiative
CAREC	Central Asia Regional Economic Cooperation Program
CARs	Central Asian Republics
CASA-1000	Central Asia-South Asia power project
CICA	Conference on Interaction and Confidence Building Measures in Asia
CIS	The Commonwealth of Independent States
CPC	Caspian Pipeline Consortium
CPEC	China-Pakistan Economic Corridor
CSTO	Collective Security Treaty Organization
EAEU	Eurasian Economic Union
ECO	Economic Cooperation Organization
EPCA	Enhanced Partnership and Cooperation Agreement
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GSP	Generalized System of Preferences
GVC	Global Value Chain
IJC	Intergovernmental Joint Commission
LoC	Letter of Credit
MoU	Memorandum of Understanding
IMF	International Monetary Fund
NTMs	Non-Tariff Measures
PBS	Pakistan Bureau of Statistics
PCI	Product Complexity Index
PRIEA	Pakistan Regional Integration Economic Agency
PSQCA	Pakistan Standards and Quality Control Authority
PSW	Pakistan Single Window
OEC	Observatory of Economic Complexity

OECD	Organisation for Economic Co-operation and Development
OIC	Organization of Islamic Cooperation
QTTA	Quadrilateral Traffic in Transit Agreement
RCA	Revealed Comparative Advantage
SAFTA	South Asian Free Trade Area
SCO	Shanghai Cooperation Organization
SDGs	Sustainable Development Goals
SEZs	Special Economic Zones
SPS	Sanitary and Phytosanitary Standards
SREB	Silk Road Economic Belt
TAPI	Turkmenistan–Afghanistan–Pakistan–India Gas Pipeline
TBT	Technical Barriers to Trade
TCI	Trade Complementarity Index
TCS	Tranzum Courier Service (Pakistan)
TIR	Transports Internationaux Routiers
TITR	Trans-Caspian International Transport Route
TUTAP	Turkeminstan-Uzbekistan-Tajikistan-Afghanistan-Pakistan Project
UN	United Nations
WTO	World Trade Organization

Executive Summary



Executive Summary

This report is part of the Pakistan Business Council's (PBC) Market Access Series 2024–2025 and it examines bilateral trade and investment relations between the Republic of Kazakhstan (Kazakhstan) and the Islamic Republic of Pakistan (Pakistan.)

Trade potential projections suggest that Pakistan-Kazakhstan bilateral trade alone could exceed \$1 billion, out of an estimated \$5 billion in unrealized trade potential with the broader Central Asian region.

As the largest economy in Central Asia and the world's largest landlocked country, Kazakhstan holds significant strategic and economic importance. Ranked as the ninth-largest country globally by area, it has a relatively modest population of around 20 million. Its foreign policy follows a multi-vector approach, which allows it to maintain strategic equilibrium between two major powers: China to the east and Russia to the west.

Kazakhstan has witnessed consistent economic growth over the past two decades, supported by a sizeable trade surplus which was largely driven by rising oil production and a supplemental boom in global oil prices. However, like many resource-rich emerging economies, it faces structural challenges such as an underdeveloped infrastructure, weak institutional frameworks, and an overreliance on energy exports amid global energy prices volatility.

Both Pakistan and Kazakhstan are situated along the historic Silk Route and are strategically positioned to benefit from initiatives aimed at reviving and strengthening regional connectivity; these include the Quadrilateral Traffic in Transit Agreement (QTTA) and China's One Belt One Road (OBOR) initiative.

To fully realize this potential and address structural bottlenecks in the bilateral trade relationship, this report recommends a multi-pronged approach: prioritizing the timely completion of key connectivity projects such as QTTA, CASA-1000, and the proposed Pakistan-Kazakhstan-Afghanistan multi-modal railway link; harmonizing customs procedures; improving digital and physical infrastructure; and establishing online payment systems to reduce reliance on third-party banks. Moreover, the finalization of a Preferential Trade Agreement (PTA), introduction of an export credit guarantee scheme, and facilitation of market information through a joint digital portal are critical steps to enhance traders' confidence and operational efficiency.

Key Findings



Key Findings

Kazakhstan-Pakistan Bilateral Trade Relations

Pakistan was among the first nations to recognize Kazakhstan as an independent country in 1991. Since then, both countries have signed 35 MOUs and agreements across various sectors. Economic relations over the years have progressed through platforms like the Intergovernmental Joint Commission (IJC), joint business councils, and trade exhibitions.

Recent milestones include the launch of a direct air corridor between Lahore and Almaty in July 2023 and the operationalization of the Quadrilateral Traffic in Transit Agreement (QTTA,) which facilitated Pakistan's first transit shipment to Kazakhstan. In January 2024, 481 Pakistani-owned or joint entities were reported as operating in Kazakhstan.

Bilateral trade has seen a steady rise, and trade volumes have grown from \$65 million in 2019 to over \$100 million in subsequent years. In 2023, Kazakhstan imported \$46.78 million worth of goods from Pakistan, mainly agricultural products. Pakistan's major exports to Kazakhstan include rice, mangoes, pharmaceuticals, and leather goods, while key imports from Kazakhstan include raw materials such as sodium dichromate, coal products, iron and steel.

Potential for Pakistan's Exports to Kazakhstan

Kazakhstan presents significant untapped export potential for Pakistan, particularly in sectors where Pakistan holds a comparative advantage. These include textiles, leather goods, OTC pharmaceuticals, surgical instruments, rice, fruits, and vegetables.

As of 2023, the total export potential of Pakistan's Top 25 Products to Kazakhstan at HS-06 Level was estimated at \$1.7 billion. The major export sectors with the greatest potential include the Pharmaceutical Sector, with "Medicaments containing hormones or steroids used as hormones but not antibiotics...." (HS-300439) and "Wadding, gauze, bandages & similar" (HS-300590) having export potential of \$59 million and \$8 million respectively. In the Agriculture Sector, "Semi-milled or wholly milled rice" (HS-100630) and "Fresh or dried guavas, mangoes and mangosteens" (HS-080450) had a combined export potential of \$31.3 million. Textile exports, with "Bedlinen, table linen, toilet linen and kitchen linen.." (HS-630231) and "Track-suits of synthetic fibres, knitted or crocheted" (HS-611212) had the highest export potential at \$103 million.

Processed food items, spices, and ethnic grocery products also have a growing niche, especially in urban centers. Halal products are also increasingly being favoured in Kazakhstan, which presents an opportunity for Pakistan to tap into this expanding market. Additionally, leather goods and sports equipment also have export potential.

On the services side, Pakistan can explore export opportunities in IT and software development, education services, and professional consulting, particularly in engineering and finance. Kazakhstan's growing digital economy and its focus on modernization make it a promising market for tech-enabled services, while English-language education and remote learning services are also growing in demand.

Potential for Kazakhstan's Exports to Pakistan

Despite regional challenges and a prevailing trade deficit with Pakistan, Kazakhstan can increase its exports by an estimated \$4.6 billion, particularly in the agriculture and metal sectors.

Key agricultural products with high intensive export potential include "linseed whether or not broken" (HS-120400,) "barley" (HS-100390,) "Dried, shelled lentils, whether or not skinned or split," (HS-071340) and "Safflower seeds" (HS-120760,) while metals such as "Flat-rolled iron and steel" (HS-720839,) "Unwrought zinc, not alloyed..." (HS-790111,) "Copper cathodes" (HS-740311,) and "Unwrought lead, refined" (780110) dominate the extensive margin. Kazakhstan enjoys revealed comparative advantage (RCA) in most of these products, competing in a market where Pakistan's current top suppliers include Afghanistan, China, and Saudi Arabia.

In addition to goods, Kazakhstan's services sector shows promising export opportunities to Pakistan. Kazakhstan exhibits RCA in critical services categories that Pakistan imports, such as transport, insurance, and financial services, the first among which is particularly notable.

■ Challenges in Exporting to Kazakhstan

The following major challenges were identified by stakeholders in trading with Kazakhstan

Structural and Logistical Constraints in Bilateral Trade

- Both Pakistan and Kazakhstan face considerable logistical challenges due to the absence of direct land connectivity, limited transit infrastructure, and as a result, high transportation costs.
- Kazakhstan's landlocked status and Pakistan's reliance on insecure routes through Afghanistan further complicates trade operations and reduces predictability.
- While regional initiatives like QTTA, CASA-1000, and TUTAP hold promise, their success is tied to improvements in border management and customs coordination.

Regulatory Misalignments and Institutional Gaps

- Pakistani exporters encounter difficulties in complying with Kazakhstan's stringent technical and certification standards, partly due to a weak quality control infrastructure at home.
- Despite the introduction of digital customs systems like WeBOC and PSW in Pakistan, there are loopholes and inefficiencies that delay clearances and increase transaction costs.
- The absence of a preferential trade agreement between the two countries limits the scope of tariff reductions and structured market access.

Financial Barriers and Trade Facilitation Challenges

- The lack of direct banking channels between the two countries forces exporters to route Letters of Credit (LoCs) through intermediary banks in the UAE, US, or Oman; this results in costly and inefficient third-party financial arrangements.
- In the absence of export credit guarantees or trade insurance frameworks, both exporters and importers face heightened financial risk.
- Broader trade facilitation mechanisms remain underdeveloped; this limits the ability of both economies to scale commercial engagements.

Product-Level and Language-Specific Constraints

- Kazakh labelling regulations require detailed bilingual labelling (Kazakh and Russian), that complicates the packaging process and increases production costs for Pakistani exporters.
- Duplication in phytosanitary requirements places additional certification burdens, that often overlaps with Pakistani export standards.
- A broader regulatory harmonization effort, including mutual recognition of standards and permits is needed alongside people-to-people engagement to support trade readiness.

Regional Instability and Geopolitical Risks

- Transit through Afghanistan exposes trade flows to potential disruptions that stem from political volatility and security concerns.
- Cross-border tensions among Central Asian Republics (CARs) may also affect regional cooperation and infrastructure development.
- Ensuring sustainable trade will require coordinated efforts on regional security, stability, and intergovernmental dialogue.

Digital Infrastructure and Trade Data Limitations

- The lack of integrated digital platforms between Pakistan and Kazakhstan negatively impacts trade transparency, slows down the documentation processes, and limits real-time information sharing for exporters.
- Discrepancies in official trade statistics, that usually result from indirect routing and porous transit corridors, hamper evidence-based policymaking and accurate market assessment.

Institutional and Information Access Gaps

- Exporters, especially SMEs, face challenges due to the absence of accessible market information, regulatory guidelines, and investment opportunities in Kazakhstan.
- No dedicated platform exists for consistent business-to-business (B2B) engagement, which weakens private-sector participation in bilateral trade development.

Visa Restrictions and Limited Mobility

- Burdensome visa regimes and lengthy procedures discourage travel for business exploration and networking.
- The paucity of direct flight routes also raises travel costs and impedes spontaneous or time-sensitive commercial engagements.
- Current mobility limitations impede broader efforts to promote cultural diplomacy and trust-based trade partnerships.

Logistical Inefficiencies and Cartelized Freight Networks

- The regional freight market, especially via Afghanistan, is dominated by informal logistics operators. This results in inflated freight rates and inconsistent service quality.
- Lack of organized professional logistics associations or formal licensing systems also impact service reliability and accountability.
- Reverse cargo flow from Kazakhstan remains minimal, and pushes up the cost of outbound shipments from Pakistan due to imbalanced trade volumes.

Provincial Taxation and Cost Burdens

- The 2% export cess imposed by the Khyber Pakhtunkhwa government increases cost pressures for exporters using the Afghanistan corridor.
- Without alternative revenue mechanisms or fiscal relief, this provincial tax negatively impacts exporters' global price competitiveness and disincentivizes regional trade.

Key Recommendations



Key Recommendations

To strengthen bilateral trade and economic cooperation between Pakistan and Kazakhstan, the following strategic actions are recommended:

- **Accelerate Connectivity Projects:** Prioritize timely completion of key infrastructure initiatives such as QTTA, CASA-1000, TUTAP, and the proposed Pakistan-Kazakhstan railway link to enhance regional transit and reduce trade costs.
- **Strengthen Digital Integration:** Promote digital trade linkages and ecosystem development to support transparency, efficiency, and innovation, ideally modelled on initiatives like the Pakistan-China Digital Corridor.
- **Simplify Regulatory Frameworks:** Harmonize customs procedures and reduce non-tariff barriers through mutual recognition of standards and enhanced interoperability between border authorities.
- **Develop Financial Infrastructure:** Establish direct banking links, online payment gateways, and a unified settlement mechanism to streamline trade transactions and mitigate financial risks.
- **Improve Transit Arrangements via Afghanistan:** Regularize trade routes, address documentation inconsistencies, and convene commercial engagement with Afghanistan to ensure uninterrupted access to Central Asian markets.
- **Conclude a Preferential Trade Agreement (PTA):** Finalize a PTA to institutionalize tariff reductions, reduce existing trade frictions, and provide a legal framework for sustained bilateral trade.
- **Focus on High-Potential Sectors:** Expand trade in high-demand goods such as agricultural products, industrial raw materials, and food staples to generate early gains and build mutual confidence.
- **Broader Economic Cooperation:** Encourage collaboration in emerging sectors such as fintech, logistics, e-commerce, tourism, and joint industrial ventures to diversify economic engagement.
- **Establish a Joint Chamber of Commerce:** Create a dedicated platform to facilitate B2B dialogue, identify opportunities, and support private sector participation in bilateral initiatives.
- **Launch a Business Information Portal:** Develop a centralized, bilingual online portal to provide up-to-date regulatory, investment, and market information, especially for SMEs.
- **Promote Tourism and Cultural Exchange:** Utilize tourism diplomacy, academic partnerships, and cultural initiatives to build people-to-people connectivity and support long-term cooperation.
- **Ease Visa Regimes and Expand Direct Flights:** Introduce simplified visa processes and explore visa-free or e-visa arrangements alongside enhanced air connectivity to support business and tourism flows.
- **Encourage Trade Exhibitions:** Organize frequent, rotating exhibitions in key sectors such as agriculture, pharmaceuticals, textiles, and ICT to build trade networks and test market potential.
- **Support Cross-Border Joint Ventures:** Facilitate joint ventures in high-impact sectors through public-private partnerships, investment incentives, and legal safeguards for investors.
- **Improve Trade Data Accuracy:** Establish a bilateral data-sharing system between Pakistan and Kazakhstan to address discrepancies in trade statistics caused by indirect routes and unrecorded exports.

- **Address Logistical Bottlenecks:** Formalize and professionalize logistics operators along the Afghan route to reduce cartelization, lower inflated freight costs, and improve service reliability.
- **Review KPK Export Cess:** Reevaluate the 2% export cess imposed by the Khyber Pakhtunkhwa government, as it undermines price competitiveness. Additionally, consider alternative revenue mechanisms.
- **Support Local Market Presence:** Encourage Pakistani firms to establish a permanent presence in Kazakhstan – through offices, warehouses, or JVs – with facilitation from the government on licensing and advisory support.

Chapter 1

Overview of the Republic of Kazakhstan



Chapter 1:

Overview of the Republic of Kazakhstan

The Central Asian Republics – also known as CARs – hold significant untapped potential due to their strategic locations and abundant resources such as oil, gas, uranium, and rare metals. The region spans five countries – Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, and Turkmenistan. These countries emerged as independent states following the dissolution of the Soviet Union, with Kazakhstan being the largest and most prominent among them.

The Republic of Kazakhstan (Kazakhstan) is the world's ninth-largest country by area, with an area of 2.7 million square kilometres. It is also the largest landlocked country in the world and borders Russia to the north, the Caspian Sea to the southwest, Turkmenistan, Uzbekistan, and Kyrgyzstan to the south, and China to the east (Figure 1.1.) Since gaining independence on December 16, 1991, the country has relocated its capital from Almaty to Astana in 1998.

Out of a population of 20.5 million, around 68 percent are ethnic Kazakhs, followed by ethnic Russians at 19 percent, and smaller groups such as Uzbeks, Ukrainians, Uighurs, Tartars, and Germans making up the remainder. Although Kazakhstan is a secular state, the majority – around 70 percent – of its population practices Islam, and of the remainder – 26 percent – identify as Orthodox Christians.

The Kazakh language, which shares similarities with Kyrgyz, Uzbek, Tatar, Turkmen, and Uighur languages, is the official national language and it can be written in Cyrillic, Latin, and Arabic scripts. It is also widely spoken in neighbouring countries, including Kyrgyzstan, Tajikistan, and China. Russian remains a key language for governance, technical matters, and everyday communication due to the country's historical ties with the Soviet Union.

Figure 1.1: Physical Map of Central Asia



A revised constitution in 1995 established a bicameral parliament which preserves the formal separation of powers, while granting the president augmented authority; this includes the unilateral ability to dissolve parliament.

Since gaining independence, Kazakhstan has forged diplomatic ties with over 186 countries. It is a member of The Commonwealth of Independent States (CIS,) the UN, the IMF, the ADB, the World Bank, OIC and many other inter-governmental and international organization. In 2015, Kazakhstan became the first Central Asian Republic to sign the Enhanced Partnership and Cooperation Agreement (EPCA) with the UN that replaced the previous PCA agreement signed in 1995. The republic also became a member of the World Trade Organization in December 2015.

Kazakhstan plays a crucial role in the Belt and Road Initiative (BRI), particularly the overland trade corridors of the Silk Road Economic Belt (SREB). Three BRI routes cut through Kazakhstan, with two connecting to Europe and a third extending through Uzbekistan and Turkmenistan to Iran, West Asia, and India.

1.1 Relations with Russia and China

Russia and China exert considerable political, economic, and strategic influence in Central Asia. China's Belt and Road Initiative (BRI) aims to enhance inter-regional connectivity by bringing Central Asia into its economic sphere. In contrast, Russia's focus is on consolidating a unified and Russia-centric market through the Eurasian Economic Union (EAEU.)

Kazakhstan's historic ties with Russia continue to influence its political landscape. The extensive 4,750-mile border shared by the two countries has been a focal point of tensions, partly due to the presence of a significant ethnic Russian population in northern Kazakhstan, which also serves as a channel for Russian influence. Economically, Russia remains a critical partner to the country and controls nearly 25% of Kazakhstan's uranium production.

The war between Russia and Ukraine has exacerbated challenges for Kazakhstan and its neighbours. The conflict posed an immediate threat to Kazakhstan's crude oil exports, which constitutes approximately 14% of its GDP and 57% of its total exports. Despite a global surge in oil prices, Kazakhstan's crude oil value declined.

In recent years, China has solidified its role as Kazakhstan's leading economic partner. In 2020, China had surpassed Russia in bilateral trade, and this trend has only accelerated in the years following the Ukraine conflict. In 2023, China was Kazakhstan's top trading partner, with bilateral trade reaching \$31.5 billion and marking a 30% increase over the previous year.

According to the American Enterprise Institute's China Global Investment Tracker, between 2005 and 2023, China invested \$20.1 billion in Kazakhstan. ([AEI, 2023](#)).

1.2 Current Development Trajectories

Kazakhstan has begun charting its own course for development through its "Strategy 2050," which outlines the country's transformative goals in energy policy and foreign relations. The strategy comprises two phases: the first focuses on establishing a self-sustaining manufacturing sector by 2030, while the second focuses on developing and investing in engineering services to serve as the foundation for a knowledge-based economy. In order to successfully accomplish these objectives, Kazakhstan has initiated a series of reforms to align its investment framework with Western financial standards.

Currently, the national wealth fund, Samruk-Kazyna, oversees the extraction of coal, oil, uranium and gas in collaboration with other foreign companies. This model allocates shares to investors based on their commitments and future projects in Kazakhstan. For instance, China's share is reflected in the China Petroleum Engineering and Construction Company's 67% stake in PetroKazakhstan along with an 8.4% stake in the North Caspian Operating Company. Russia maintains its hold through RUSAL and Lukoil, whereas the United States is represented via Chevron and ExxonMobil. European companies like ENI, Shell, and Total also operate through direct partnerships and shares in a subsidiary of Samruk-Kazyna.

1.3 Economic Outlook

The table below highlights some of the key economic indicators of Kazakhstan from 2022 to 2024

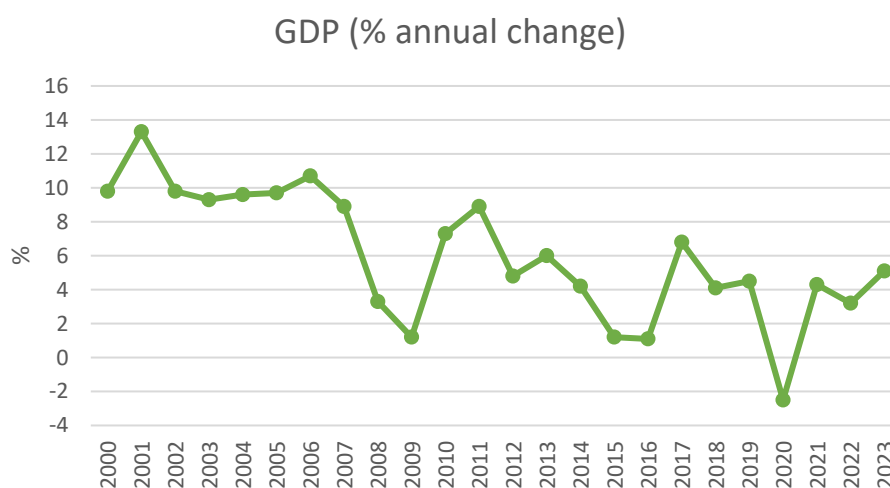
Table 1.1: Key Economic Indicators of Kazakhstan from 2022 To 2024

Key Economic Indicators	2022	2023	2024
GDP (US\$, Billions)	225.53	263.37	292.55
GDP Growth (%)	3.30	5.10	4.80
GDP per Capita (US\$)	11,486	13,260	14,570
Inflation (average consumer prices % change)	14.95	14.55	8.63
Unemployment Rate (%)	4.87	4.77	4.77
Current account balance (US\$, Billions)	7.05	-8.72	-4.49
Trade Balance (US\$, Billions)	34.84	17.88	21.80
Central government debt, total (% of GDP)	21.35	20.82	23.70
FDI, net inflows - Proportion of Economic Activity - (%)	2.18	2.00	-
Budget balance (% GDP)	0.11	-1.52	-1.62

Sources as of September 2024: The World Bank, International Monetary Funds (IMF) and Asian Development Bank (ADB)

Kazakhstan's economy grew at an annual average rate of 4% from 2013 to 2023. The oil price crash at the beginning of 2020, due to the global pandemic created huge disruptions in the economy. The gross domestic product declined 2.5% in 2020 (around 0.9% in nominal terms.) In 2021, the economy experienced an upward growth of 4.3%, and growth reached 3.2% in 2022. Since the country depends on its extractive industry, and has long followed the Soviet model of production, where the oil and gas sector generate around a third of its fiscal revenue. However, given the high volatility of global energy prices, this also poses a significant risk.

Figure 1.2: Kazakhstan's GDP (% annual change)

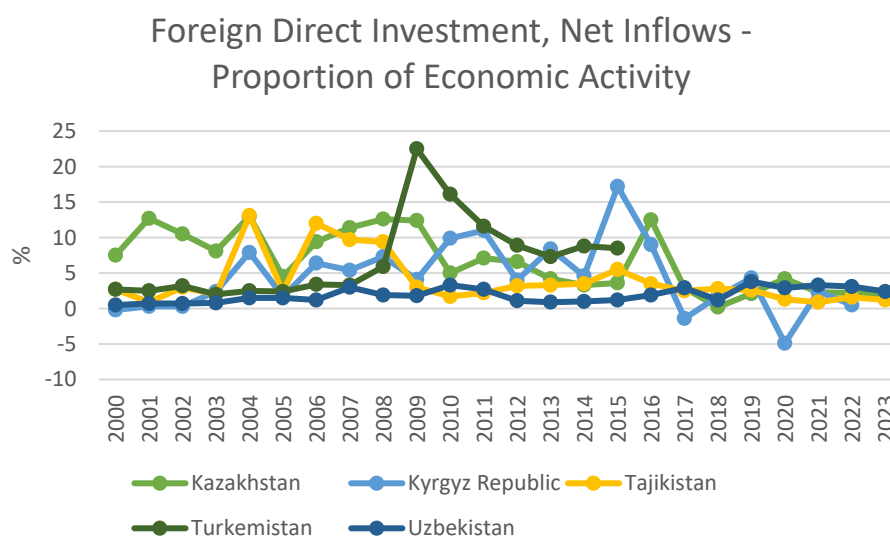


Source: Asian Development Bank

1.4 Investment Climate

Kazakhstan serves as a connecting hub between east and west, and has emerged as a lucrative destination on the global investment landscape. As per an estimate by the Kazakh Invest National Company, the total amount of FDI inflows over the course of the last 30 years has amounted to approximately \$431 billion. This figure is roughly equivalent to almost 60% of the FDI net inflow into the Central Asian region. Almost 50% of the investment came from the European Union. Overall, the country ranks 81st among the 132 economies on the [Global Innovation Index 2023](#) and 62nd out of 184 countries on the latest [Index of Economic Freedom](#).

Figure 1.3: Central Asia FDI Inflows

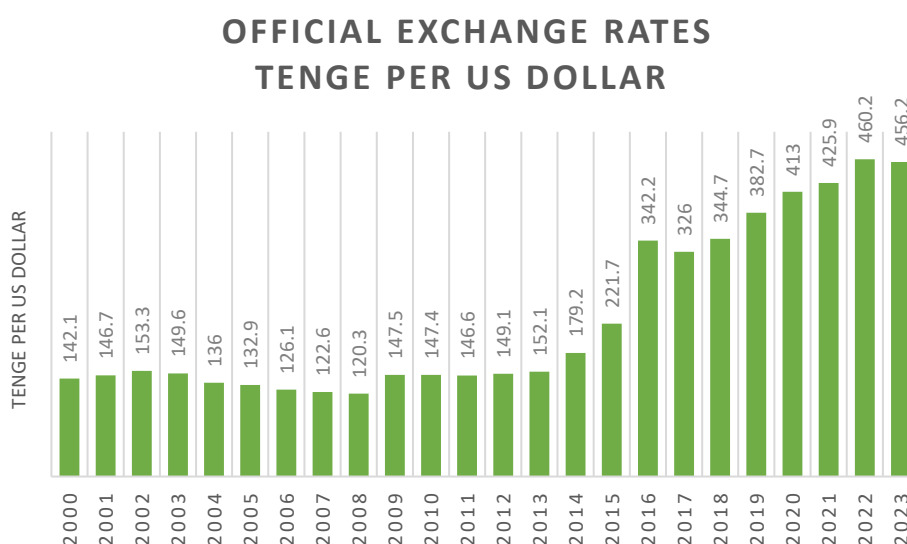


Source: Asian Development Bank

1.5 Exchange Rate Trends

Kazakhstan's currency, tenge, declined sharply when the government decided to stop managing the exchange rate by abandoning the peg to the dollar in 2015. During 2023 and 2024, the exchange rate was maintained at an average of 450/\$. However, in December 2024, it passed the threshold of 500 and fell to a historical low of 518.95/\$. A major factor fuelling the decline in the value of the tenge is the devaluation of the Russian Ruble against the dollar between 2014-2016.

Figure 1.4: Kazakhstan's Exchange Rate



Source: Asian Development Bank

1.6 Tourism Growth and Global Appeal

Astana, the capital city of Kazakhstan, is ranked among the most beautiful and rewarding tourist destinations in Central Asia, owing to its geographic location and the fact that it's at the cusp of Asia and Europe. Kazakhstan's tourism sector has shown steady growth in recent times, with a steady growth of about 2.2% since 2001. In 2023, the number of foreign tourist arrivals reached 9.2 million which was almost double the number of tourists who visited the country in the previous year. As of June 2024, citizens from over 82 countries can travel to Kazakhstan without the requirement of having a visa. Kazakhstan also secured 52nd position in the World Economic Forum's 2024 Travel and Tourism (T&T) Development Index, which marked a jump of six places over 2019.¹

Figure 1.5: Kazakhstan's International Tourism Receipts



Source: Asian Development Bank

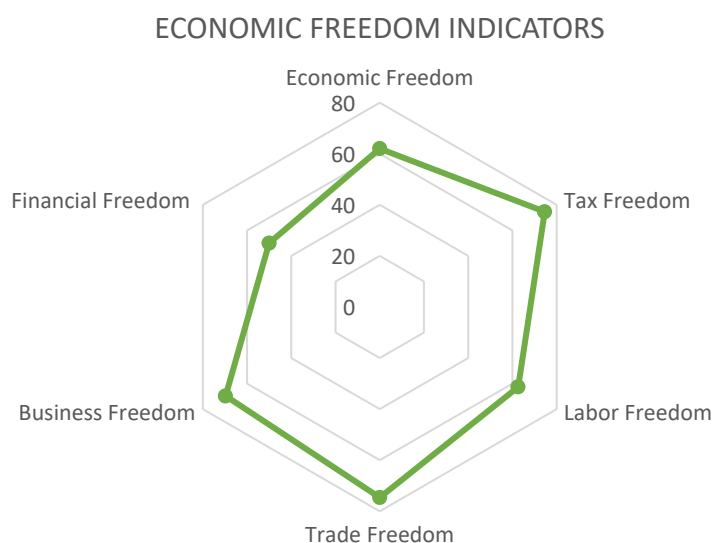
1.7 Regulatory Landscape and Economic Freedom

An important aspect of assessing a country's economic trajectory is the regulatory and institutional environment that shapes both domestic enterprise and foreign investment. Figure 1.6 provides a snapshot of Kazakhstan's scores across key economic freedom indicators, including business freedom, labor freedom, tax freedom, and financial freedom.

While Kazakhstan performs relatively well in areas like tax and trade freedom, persistent challenges remain in labor flexibility and financial regulation; these can hamper diversification efforts and reduce the attractiveness of sectors like services and manufacturing.

¹ Analytical paper on tourism by the Royal Thai Embassy in Astana (2024)

Figure 1.6: Economic Freedom Indicators – Kazakhstan



Source: The Heritage Foundation

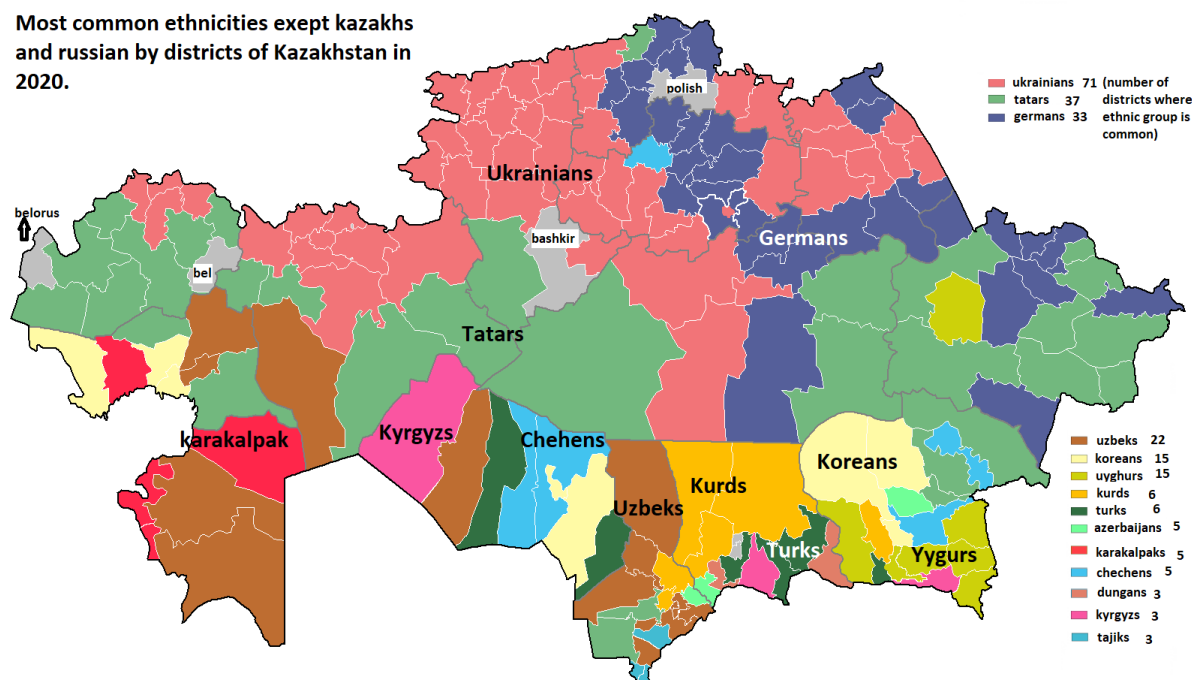
1.8 Demographic Outlook

The population of Kazakhstan comprises of more than 100 nationalities and ethnic groups. The country is divided into 17 regions, with 188 districts, 89 cities, and over 6,000 villages.²

The country has a diverse population of both Asian ethnic groups (Kazakhs, as well as Uzbeks, Uighurs and Tatars) and ethnic Europeans (Russians, Ukrainians and Germans.)

Figure 1.7: Ethnicities by Region - Kazakhstan

Most common ethnicities except kazakhs and russian by districts of Kazakhstan in 2020.



² Bureau of National statistics Administrative-territorial units of the Republic of Kazakhstan (January 1, 2024)

As per the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, the total population of the country as of September 2024, had reached more than 20 million. The breakdown of which is as follows: aging under 25 years old – 8.5 million or 42.6% – aging between 25 to 65 years old – 9.7 million or 48.5% – and aging over 65 years old – 1.8 million or 8.9% of the population. According to estimates, the population of the country is expected to reach 26.3 million by the year 2050.

Below are some of the key demographic indicators of Kazakhstan

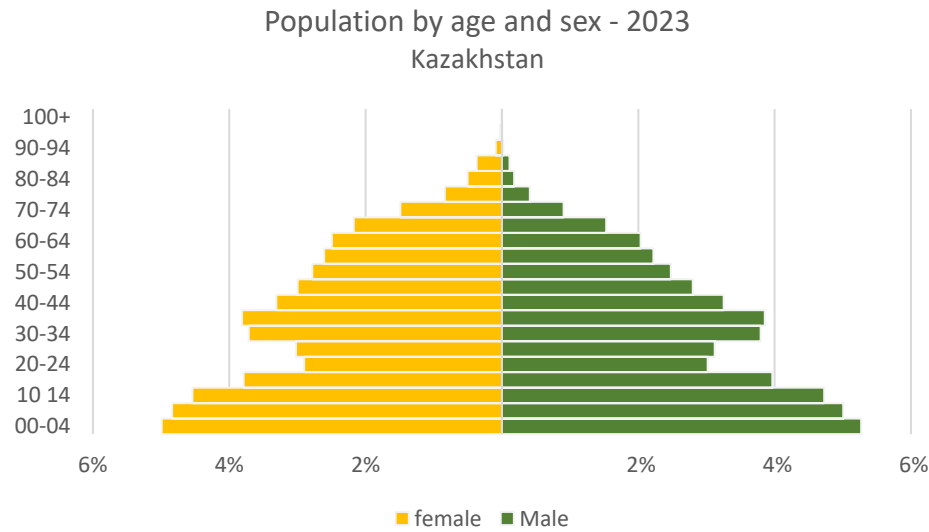
Table 1.2: Key Demographic Indicators of Kazakhstan

Key Demographic Indicators	2022	2023	2024
Total Population (Million)	20.03	20.33	20.50
Population density (%)	7.42	7.44	-
Population growth (annual %)	1.46	1.46	1.26
Total Fertility Rate (%)	3.05	2.96	2.58
Life Expectancy at Birth, Both Sexes (Years)	73.50	74.40	75.40
Age Dependency Ratio (% of working population)	60.28	60.89	61.40

Sources as of September 2024: Asian Development Bank (ADB,) World Bank, World Health Organization (WHO,) Bureau of National Statistics.

Figure 1.8 shows the population distribution on the basis of age and sex in 2023

Figure 1.8: Population by age and sex – Kazakhstan



Source: World Health Organisation (WHO)

1.9 Performance Across the SDGs

In the last three years, Kazakhstan has managed to move 12 spots up in the SGD's index and now stands at 66 out of the 166 participating countries. Below is a snapshot of Kazakhstan's SGD's progress in the latest UN Sustainable Development Report (2024.)

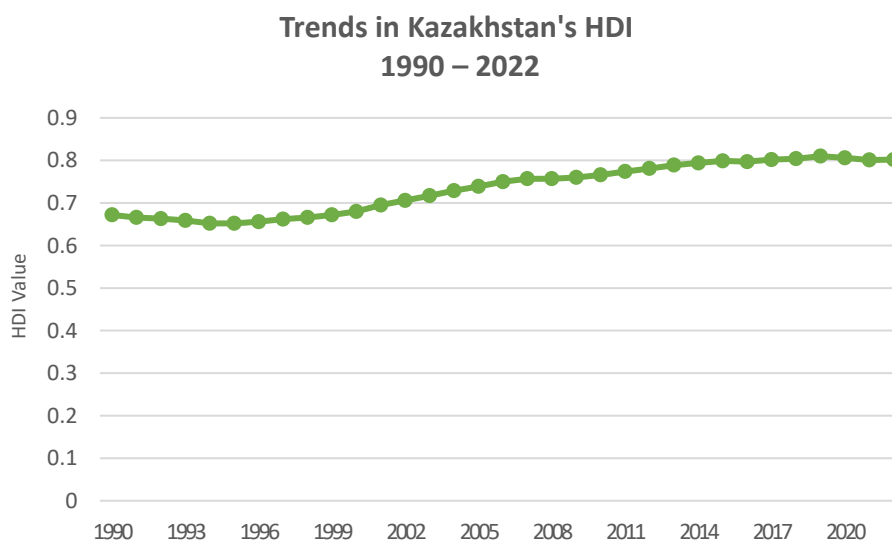
Figure 1.9: Kazakhstan's SDGs progress



Source: UN Sustainable Development Solutions Network (SDSN) Report 2024

As per the latest report by the United Nations Development Program (UNDP) 2023-2024, Kazakhstan reached 67th position out of 193 countries and entered the very high human development category (Figure 1.10.)

Figure 1.10: Trends in Kazakhstan's Human Development Index



Source: UNDP in Kazakhstan

1.10Global Rankings

Kazakhstan now ranks 11th among upper-middle-income countries and 66th globally in the 2024 Global Economic Freedom Index.

Kazakhstan’s Entrepreneurship Code also plays a vital role in advancing industrialization and economic diversification. The Code focuses on key sectors such as equipment manufacturing, pharmaceuticals, food production, metallurgy, agriculture, and construction, and offers targeted benefits to direct investments.

Table 1.3: Kazakhstan’s Rankings and Scores Along Global Indicators (2022-2024)

Global Indicators	2022	2023	2024
Global Innovation Index ³	83 (Rank)	81	78
Economic Freedom Index (EFI) ⁴	64.4 (Score)	62.1	62
Corruption Perception Index ⁵	36 (Score)	39	-
Environmental Performance Index (EPI) ⁶	40.9 (Score)	-	47.8
Network Readiness Index (NRI)	58 (Rank)	58	61
Global Startup Ecosystem Index	74 (Rank)	73	74

As of January 1, 2024, Kazakhstan was home to 43,000 foreign companies.⁷

3

World Intellectual Property Organization (WIPO)

4

The Heritage Foundation

5

Transparency International

6

Yale Centre for Environmental Law and Policy

7

National Statistics Agency

Chapter 2

Kazakhstan's Trade Profile



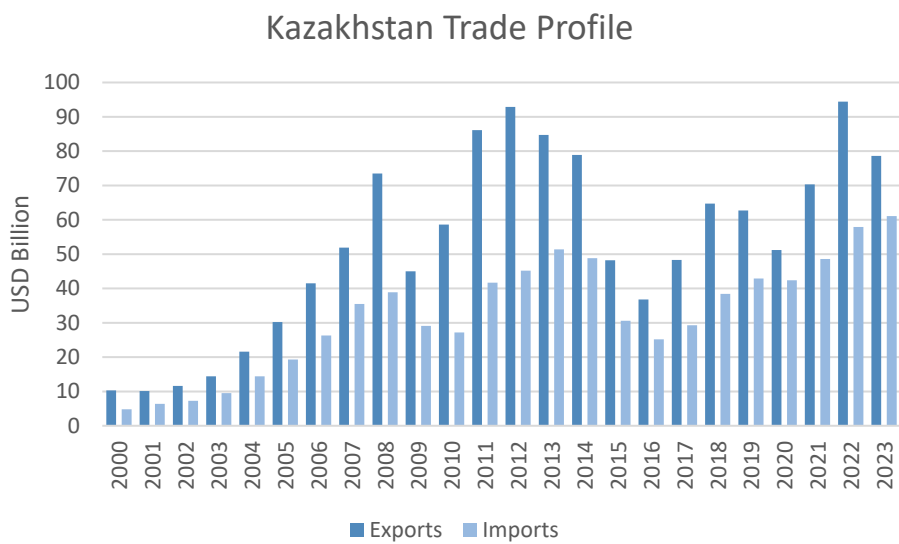
Chapter 2:

Kazakhstan's Trade Profile

Kazakhstan is an oil and mineral rich country with mineral resources including iron ore, nickel, cobalt, uranium and gold. The country also has a lot of untapped agriculture and livestock potential, however, due to its land-locked nature, there are a number of logistics and infrastructure barriers. The long-running political and ideological disputes with neighbouring countries with potential export routes also creates friction.

One of the biggest factors in growth for Kazakhstan is external trade. Trade on average, from 1991 till 2022, has stood at around 79.3% of Kazakhstan's GDP, whereas exports of goods and services have contributed on an average 41.6% of GDP.⁸ In 2023, the total trade turnover reached \$139.8 billion, out of which exports amounted to \$78.7 billion – 52.9% of GDP – and imports reached \$61.2 billion – accounting for 34.2% of GDP.

Figure 2.1: Kazakhstan's Trade Profile



Source: Observatory of Economic Complexity (OEC) and Asian Development Bank (ADB)

2.1 Kazakhstan's Export Mix

Kazakhstan is a global player in the oil trade and its growth has long been correlated with its oil and gas sector and other natural resources. The primary export commodities include petroleum, copper, natural gas, zinc, steel and iron. In the agricultural sector, wheat export is the major source of foreign currency. The country also exports livestock, dairy products, oil seeds, corn grain, and other preserved goods. The total turnover for agricultural products in 2023 was \$11.3 billion, out of which exports stood at around \$5.3 billion⁹.Kazakhstan holds a comparative advantage in fuel, minerals and ores. As per the index of revealed comparative advantage,¹⁰ the RCA for fuel, minerals and ores was 3.2, 3.6 and 3.3 respectively in 2022.¹¹ In recent years, cereal has also emerged as one of the top 10 export items of the country (table 2.1) – which in itself is mainly boosted by the increase in wheat exports.

8 Asian Development Bank

9 Astana Times

10 The RCA index estimates a country's specialization in an exported good relative to all other countries. A comparative advantage is "revealed" if RCA>1, as this shows a relative degree of specialization.

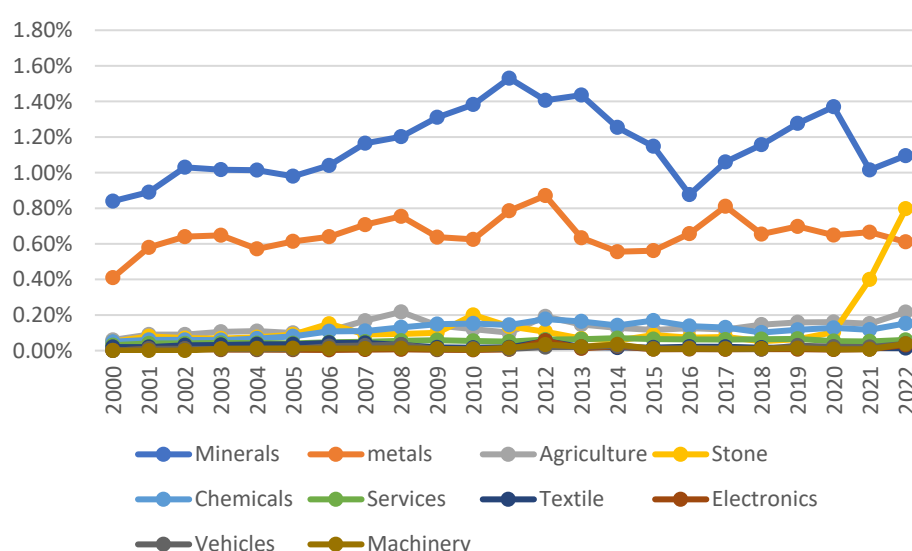
11 World Integrated Trade Solution.

Table 2.1: Top 10 Exports of Kazakhstan at HS-02 Level

HS-02 code	Product Label	2023 - USD Billion	% of total exports	2022 - USD Billion	% of total exports	2021 - USD Billion	% of total exports
27	Mineral fuels including oil	46.40	58.90	54.10	54.80	37.60	53.90
26	Ores, slag, ash	5.00	6.30	4.20	4.40	4.20	6.00
28	Inorganic chemicals	4.30	5.50	3.92	4.00	3.10	4.30
72	Iron, steel	4.30	5.51	5.72	5.80	5.90	8.40
74	Copper	3.21	4.10	3.85	3.90	3.71	5.30
10	Cereals	2.21	2.82	2.20	2.3	1.61	2.32
84	Machinery, mechanical appliances and parts	1.80	2.30	1.30	1.40	0.60	0.90
85	Electrical machinery, equipment	1.27	1.50	1.50	1.60	0.63	0.90
71	Gems, precious metals	1.14	1.40	11.52	11.70	5.41	7.70
25	Salt, sulphur, stone, cement	0.64	0.80	1.21	1.20	0.80	1.20

Source: Observatory of Economic Complexity (OEC) and ITC

Figure 2.2 shows the global market share of Kazakhstan's exports by sector between 2000-2022.

Figure 2.2: Kazakhstan's global export market share, 2000 – 2022

Source: The Atlas of Economic Complexity

2.2 Kazakhstan's Import Mix

Kazakhstan's imports, on the other hand, are less concentrated than its exports and no one sector dominates the others. The Machinery and vehicle sector together account for almost a quarter of imports (Table 2.2.) Food import as a percentage of merchandise import was around 9.7% in 2023. Kazakhstan is a net importer of agricultural commodities, despite being ranked 32nd out of 113 countries in the global food security index in 2022.¹² A huge portion of the agricultural imports are in processed commodities, whereas its major agricultural exports are in primary unprocessed food commodities like wheat, barley, honey etc.

Furthermore, the prevalence of unregistered trade within the country obstructs efforts to track import activities. Kazakhstan shares easily traversable borders with Russia, and other Central Asian Republics which enables unregistered cross-border trade, and these activities remain largely unaccounted for in foreign trade statistics.

12 Economist Impact Global Food Security Index 2022

Table 2.2: Top 10 imports of Kazakhstan at HS-02 Level

HS-02 code	Product Label	2023 - USD Billion	% of total imports	2022 - USD Billion	% of total imports	2021 - USD Billion	% of total imports
84	Machinery, mechanical appliances and parts	9.62	15.70	8.41	14.50	7.10	14.50
87	Vehicles	7.73	12.60	6.71	11.60	3.81	8.00
85	Electrical machinery, equipment	5.83	9.50	5.40	9.50	4.41	9.20
73	Articles of iron or steel	2.66	4.30	2.00	3.50	1.61	3.40
39	Plastics and articles thereof	2.12	3.40	2.41	4.21	1.90	4.00
30	Pharmaceutical products	1.91	3.10	1.80	3.10	1.80	3.80
27	Mineral fuels and mineral oils	1.86	2.90	1.50	2.61	1.50	3.20
62	Articles of apparel and clothing, not knitted	1.80	2.90	2.61	4.50	1.71	3.60
72	Iron and Steel	1.73	2.80	1.70	2.90	1.82	3.80
61	Articles of Apparel and clothing, knitted	1.62	2.70	1.44	2.50	1.20	2.40

Source: Observatory of Economic Complexity (OEC)

2.3 Kazakhstan's Global Trade Footprint

The major destinations for Kazakhstan's key resources are Europe for crude oil, the Russian Federation for mineral ores, and the People's Republic of China (PRC) for both. Before the Ukraine-Russia war, the EU stood as the major trading partner for the country, accounting for almost 29.7% of the total trade in 2020. The trade in oil was already vulnerable to economic shocks, however due to sanctions and the subsequent closure of the Caspian Pipeline Consortium (CPC) this vulnerability has only increased.

In 2023, China was the top trading partner of Kazakhstan. The same year, the country traded the most with China, France, Italy, the Netherlands, Russia, Spain, South Korea, Türkiye, United States and Uzbekistan (table 2.3-2.4.) Italy remains Kazakhstan's largest export market and accounted for 18.74% of total exports in 2023.

Table 2.3: Kazakhstan's Major Export Destinations

Countries	Export Values (USD Billion)		% Share of Export	
	2023	2022	2023	2022
Italy	14.83	13.85	18.74	16.37
China	14.66	13.06	18.53	15.44
Russia	10.20	9.09	12.89	10.75
Netherlands	4.05	5.48	5.12	6.48
Turkey	3.94	4.75	4.98	5.62
South Korea	3.81	4.54	4.81	5.37
Uzbekistan	3.12	3.63	3.94	4.29
France	2.94	3.07	3.72	3.63
Romania	2.76	2.51	3.49	2.97
Greece	2.21	1.60	2.79	1.89
Singapore	1.70	1.87	2.15	2.21
United States	1.50	1.15	1.90	1.36
Spain	1.48	2.32	1.87	2.74
Kyrgyzstan	1.14	0.79	1.44	0.93
Switzerland	0.94	1.07	1.19	1.26
United Kingdom	0.70	1.46	0.88	1.73

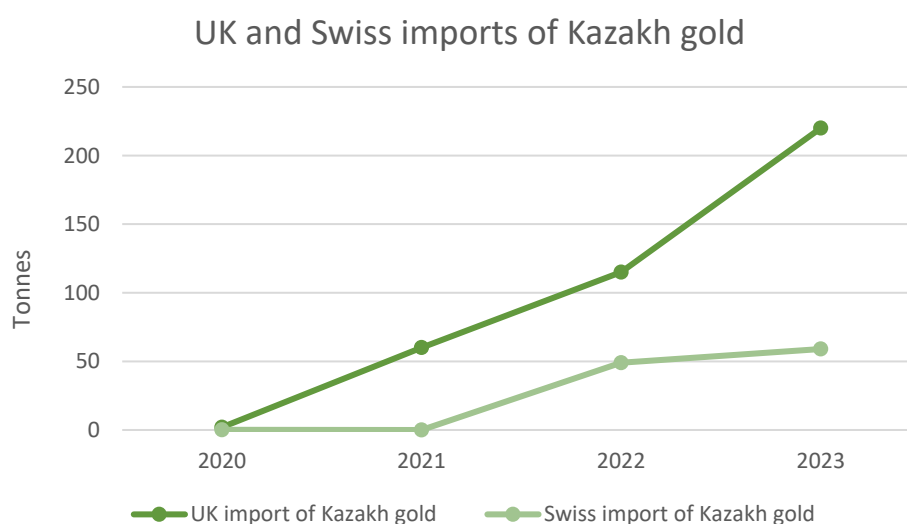
Sources: Bureau of National statistics of Agency for Strategic planning and reforms of the Republic of Kazakhstan

Table 2.4: Kazakhstan's Major Import Sources

Countries	Import Values (USD Billion)		% Share of Imports	
	2023	2022	2023	2022
Russia	16.84	17.88	27.88	35.11
China	15.39	11.14	25.48	21.87
Germany	3.03	2.23	5.02	4.38
United States	2.54	1.90	4.20	3.73
South Korea	2.20	1.57	3.64	3.08
Turkey	2.04	1.59	3.38	3.12
Japan	1.60	1.14	2.65	2.24
France	1.29	0.91	2.14	1.79
Uzbekistan	1.28	1.28	2.12	2.51
Italy	1.24	1.05	2.05	2.06
Vietnam	0.79	0.40	1.31	0.79
Belarus	0.76	0.90	1.26	1.77
Poland	0.69	0.59	1.14	1.16
India	0.58	0.56	0.96	1.10
Spain	0.52	0.26	0.86	0.51
United Kingdom	0.47	0.38	0.78	0.75

Sources: Bureau of National statistics of Agency for Strategic planning and reforms of the Republic of Kazakhstan

An interesting trend that has emerged after the sanctions imposed on Russia, is the surge in the purchase of precious metals like gold from two Central Asian republics – Kazakhstan and Uzbekistan – by Switzerland and the UK. Switzerland and the UK have historically been two of the biggest importers of Russian gold, but after the invasion, there seems to be a complete shift in the dynamics. The British customs data reveals that the import of Kazakh gold almost doubled in 2022, and reached a record high of 220 tonnes in 2023 (Figure 2.3.) As per the Swiss customs data, the financial sector of Switzerland is the biggest buyer of imported gold from Kazakhstan and Uzbekistan.

Figure 2.3: UK and Swiss imports of Kazakh Gold

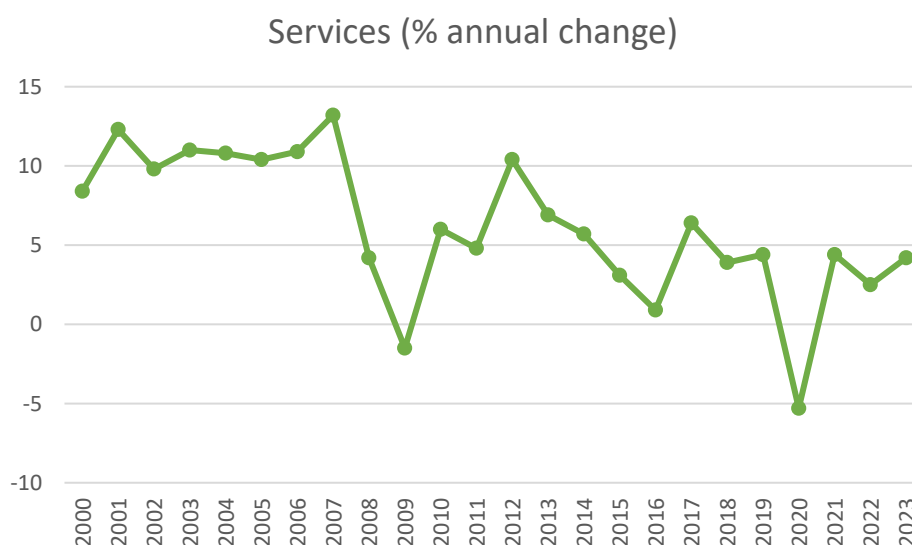
Sources: US Geological Survey, World Gold Council, UN Comtrade, national trade statistics by swissinfo.ch

2.4 Services Sector

The services sector contributes almost 60% to the GDP, but a lot of these firms and jobs are concentrated in non-tradable activities like retail and construction, which are particularly marked by low levels of productivity.

With growing interest shown by many US-based and Asian businesses, there are many Kazakh based startups that are now receiving assistance to penetrate and compete in international markets. The IT sector in the country experienced major growth in 2023, with services including computer programming, consulting, and domain extensive expertise amounting to \$2.3 Billion.

Figure 2.4: Services (% annual change) – Kazakhstan



Source: Asian Development Bank (ADB)

2.5 Kazakhstan's Diversification Efforts

In a growth diagnostic exercise conducted by the Harvard Kennedy School, extractive resources such as oil, petroleum and gas have the lowest product complexity index¹³ rankings and these products occupy most of the export basket of Kazakhstan. On the other hand, the only products in its exports basket that have a higher rank on PCI, including machines, motor vehicle parts etc, constitute a very small part of total exports (Table 2.6.)

Table 2.5: Kazakhstan's Product Complexity Index of the Top Exported Products in 2022

Name	Gross Export (USD Billion)	HS 1992 Code	Sector	Share	Rank	PCI
Petroleum oils, crude	29.15	2709	Minerals	33.67%	1216	-2.53
Gold	6.88	7108	Stone	7.95%	1210	-2.26
Refined copper and copper alloys	3.04	7403	Metals	3.51%	1074	-1.25
Ferroalloys	3.03	7202	Metals	3.50%	1067	-1.24
Uranium	2.73	2844	Chemicals	3.15%	791	-0.38
Copper ore	2.50	2603	Minerals	2.90%	1203	-2.14
Petroleum gases	2.23	2711	Minerals	2.58%	1162	-1.68
Coal	1.43	2701	Minerals	1.66%	1199	-2.06
Petroleum oils, refined	1.09	2710	Minerals	1.26%	904	-0.66
Wheat or meslin flour	0.73	1101	Agriculture	0.85%	1073	-1.25

¹³ The Product Complexity Index (PCI) ranks the diversity and sophistication of the productive know-how required to produce a product – Growth Lab Harvard

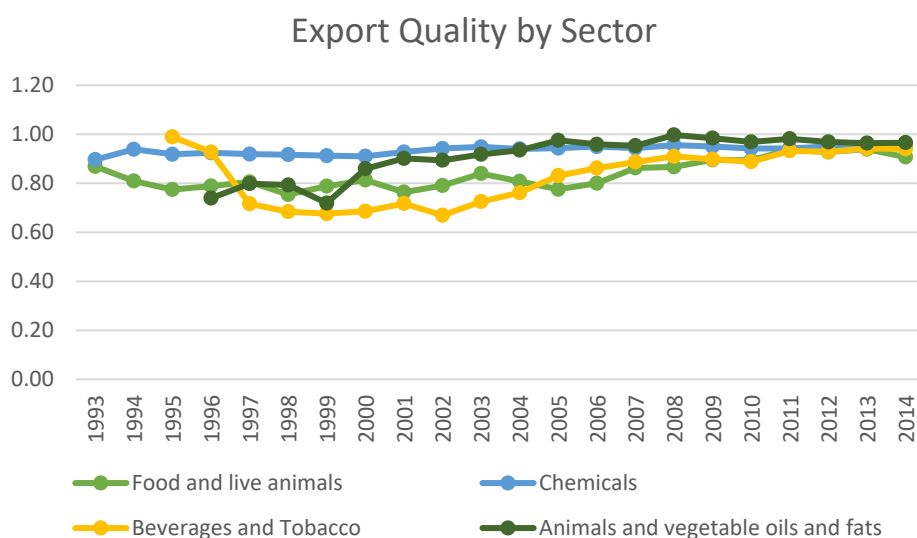
Economic complexity of Kazakhstan's exports has been on a decline since 2000, due to its dependence on the oil, gas and the mining sectors, along with a high real exchange rate. But over the years, the country has also taken many initiatives to diversify its economy, along sectors such as information technology (IT,) logistics, and green energy.

The strategic development plan for the Republic of Kazakhstan until 2050 – also called Strategy 2050 – addresses the growth trajectory of labour-intensive industries like agriculture, logistics and manufacturing etc. The agriculture sector of the country employs around 15% of the total workforce.

In line with strategy 2050, the government aims to position the country as a major exporter of wheat, meat and dairy products and to transition from primary production to higher value-added manufacturing; this targets a 70% increase in processed agricultural products. The country's expansive steppe is also gaining recognition as a valuable resource for organic food production, which is further driven by increasing demand in markets like China and the EU.

Improving the quality of existing exports can also help in building comparative advantage and increasing productivity. Figure 2.5 shows the trajectory of the export quality of key agricultural and industrial products over the years.

Figure 2.5: Export Quality by Sector - Kazakhstan



Source: International Monetary Fund (IMF)

As per an estimate by the Asian Development Bank, extensive reforms in the country's non extractive sectors such as agriculture, knowledge economy and manufacturing can increase the growth rate by up to 2.1 annually. The Trans-Caspian International Trade Route has already opened prospects for the country to shift and expand its regional supply chains and economy. The Trans-Caspian International Trade Route, also known as the middle corridor, opens an alternate trade route for Kazakhstan that passes through the Caspian Sea and connects the region to western markets.

Chapter 3

Kazakhstan's Major Trading Partners



Chapter 3:

Kazakhstan's Major Trading Partners

Kazakhstan as a land-locked country does not have direct access to the western European markets. However, its close proximity to two of the largest markets i.e. China and Russia present the country with lots of opportunities for Eurasian economic integration. The economy of Kazakhstan has grown over 21% since its independence with a greater adoption of tech and digitalization in recent years. The country reached the status of an upper-middle income from lower-middle income country in 2006.¹⁴

The republic's attempts to diversify its economy from its extractive sector and favour more private investment has helped forge closer links with China, which in 2023, became Kazakhstan's main trading partner replacing Russia. Kazakhstan is also a member of the Eurasian Economic Union (EAEU) alongside Russia, Kyrgyzstan, Belarus and Armenia. The EAEU allows free and unrestricted trade between member countries and advocates for an integrated economic policy.

In terms of exports, the European Union (\$41.4 billion,) China (\$31.5 billion,) and Russia (\$26 billion,) were the three important export markets for Kazakhstan in 2023.

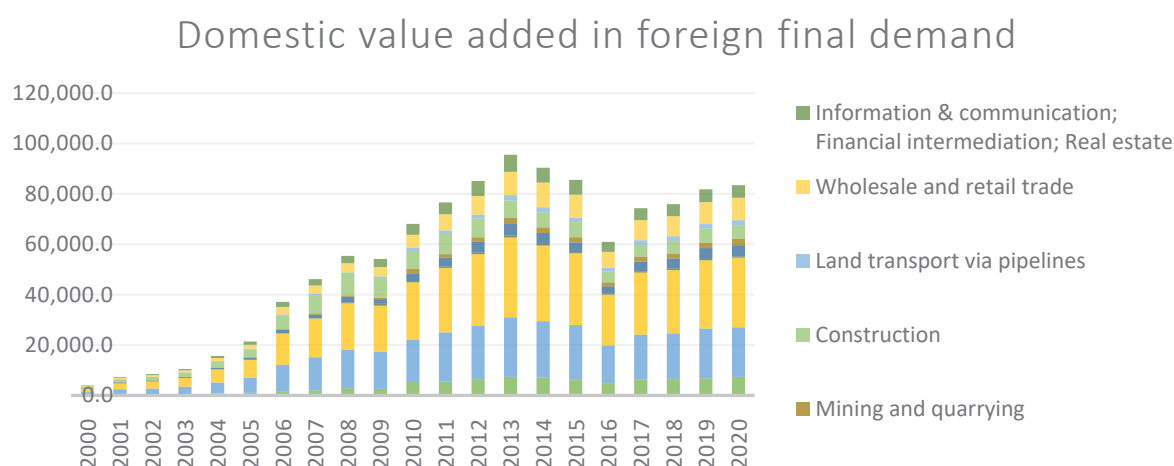
3.1 Kazakhstan's Global Value Chain (GVC) Participation

The strategic position of Kazakhstan, between East and West, and a relatively stable investment climate, makes it an attractive destination for foreign companies.

Kazakhstan's GVC structure is relatively concentrated and is majorly spread over five sectors, i.e. mining, basic metals, wholesale trade, inland transport, and retail trade and repair. One way to determine the participation of an economy in global value chains is to adopt a forward-looking framework like the share of domestic value added in foreign final demand (Figure 3.1.) As per the OECD, in 2020-2021, 25.4% of Kazakhstan's domestic value added was driven by foreign final demand, which was below the OECD average of 29.8%.

Kazakhstan is involved in GVCs, but the rate of participation is mainly forward, since the country is only a supplier of raw materials for other economies, which subsequently process it. At the same time, backward participation in GVCs is weaker i.e. only a few intermediate goods are imported from outside for processing in the country. As per an Asian Development Bank report on Kazakhstan's resource economy, there exists a direct positive relationship between backward participation in the GVC and the production length, i.e. the longer the chain, the higher Kazakhstan's backward participation rate in GVC. Consequently, more gross added value is created by that industry.

Figure 3.1: Domestic value added in foreign final demand – Kazakhstan



Sources: Observatory of Economic Complexity (OEC)

3.2 Trade with the EU

The European Union is among Kazakhstan's biggest trading partner and around 37% of the total exports of the country in 2023 went to the EU. More than 50% of the foreign direct investment came from the European Union, with companies like Shell, Siemens, Total, Eni and over 3,000 others having their operations in Kazakhstan. The EU has invested over \$180 billion in Kazakhstan since 2005.

Between January and October 2024, Kazakhstan's total trade with the EU reached \$41.4 billion, which marked a 3.5% increase compared to the same period in 2023. Exports accounted for \$32.6 billion, while imports stood at \$8.6 billion.

Kazakhstan's importance to the EU as a major trading partner is further highlighted by the Critical Raw Materials Act, which seeks to diversify and expand the EU's supply of critical raw materials that are required for its industrial value chains and strategic technologies, including space, defence, and the EU's green transition agenda. Of the 34 critical raw materials identified by the EU, Kazakhstan produces and supplies¹⁹.

Table 3.1: Foreign Trade of The Republic of Kazakhstan with the EU and its Member Countries (2022-2024)

Name	Million US dollars											
	2024 (Jan-Oct)				2023				2022			
	Export		Import		Export		Import		Export		Import	
	total	share of the country in total exports, %	total	share of the country in total imports, %	total	share of the country in total exports, %	total	share of the country in total imports, %	total	share of the country in total exports, %	total	share of the country in total imports, %
EU countries	32,520.40	47.50	8,674.52	17.92	30,988.82	39.16	10,314.00	17.07	33,866.50	40.03	8,008.90	15.72
Austria	3.18	0.00	217.43	0.45	9.69	0.01	322.90	0.53	4.70	0.01	198.20	0.39
Belgium	149.66	0.22	208.78	0.43	220.68	0.28	302.90	0.50	271.90	0.32	243.00	0.48
Bulgaria	278.56	0.41	58.11	0.12	27.28	0.03	67.90	0.11	142.40	0.17	38.90	0.08
Cyprus	5.67	0.01	0.94	0.00	0.24	0.00	1.40	0.00	178.00	0.21	1.30	0.00
Czech Republic	123.07	0.18	336.12	0.69	147.70	0.19	479.60	0.79	123.70	0.15	299.40	0.59
Germany	964.73	1.41	2,351.12	4.86	740.87	0.94	3,033.30	5.02	530.90	0.63	2,232.70	4.38
Denmark	28.94	0.04	101.15	0.21	75.67	0.10	134.20	0.22	37.30	0.04	76.50	0.15
Estonia	35.14	0.05	29.38	0.06	78.13	0.10	79.40	0.13	58.50	0.07	63.30	0.12
Spain	1,053.04	1.54	415.85	0.86	1,485.49	1.88	526.30	0.87	2,322.40	2.75	269.70	0.53
Finland	8.05	0.01	143.61	0.30	3.06	0.00	205.20	0.34	44.40	0.05	157.30	0.31
France	3,240.84	4.730	1,536.19	3.17	2,949.55	3.73	1,296.10	2.15	3,071.40	3.63	916.50	1.80
Greece	2,272.61	3.32	26.14	0.05	2,218.34	2.80	35.90	0.06	1,608.90	1.90	22.80	0.04
Croatia	196.24	0.29	22.70	0.05	397.98	0.50	34.00	0.06	340.90	0.40	20.50	0.04
Hungary	4.05	0.01	159.75	0.33	4.73	0.01	182.90	0.30	10.90	0.01	161.30	0.32
Ireland	587.29	0.86	433.36	0.90	1.70	0.00	234.60	0.39	0.00	0.00	188.90	0.37
Italy	16,405.88	23.96	1,032.84	2.13	14,833.29	18.74	1,242.20	2.06	13,853.70	16.38	1,054.40	2.07
Lithuania	59.99	0.09	66.32	0.14	92.87	0.12	130.80	0.22	446.40	0.53	139.60	0.27
Luxembourg	0.04	0.00	18.41	0.04	0.01	0.00	26.00	0.04	0.00	0.00	10.40	0.02
Republic of Latvia	126.88	0.19	57.86	0.12	278.94	0.35	77.20	0.13	184.40	0.22	34.20	0.07
Malta	0.51	0.00	5.74	0.01	1.10	0.00	1.60	0.00	245.10	0.29	0.80	0.00
Netherlands	4,492.90	6.56	297.05	0.61	4,056.53	5.13	392.20	0.65	5,488.20	6.49	296.80	0.58
Poland	410.45	0.60	541.54	1.12	527.94	0.67	696.60	1.15	773.90	0.91	598.00	1.17
Portugal	4.20	0.01	38.33	0.08	4.91	0.01	45.80	0.08	0.10	0.00	30.70	0.06
Romania	2,036.61	2.97	122.18	0.25	2,767.12	3.50	112.20	0.19	2,512.70	2.97	142.10	0.28
Sweden	23.78	0.03	255.10	0.53	60.09	0.08	407.50	0.67	96.10	0.11	231.40	0.45
Slovenia	5.72	0.01	91.70	0.19	2.74	0.00	108.80	0.18	55.40	0.07	75.10	0.15
Slovakia	2.37	0.00	106.84	0.22	2.18	0.00	136.70	0.23	1.90	0.00	120.70	0.24

Source: Bureau of National statistics of the Republic of Kazakhstan

3.3 Trade with Russia

Russia is one of the key economic and strategic partners of Kazakhstan, and the two countries share the second longest border in the world, after the US-Canada border.

The Bilateral trade between Russia and Kazakhstan is currently running at \$30 billion per annum. Both countries use national currencies for mutual payments which allows protection in trade transactions from outside influences and disruptions.

Russia is also Kazakhstan's major partner for export routes. The Caspian Pipeline Consortium exports 79% of Kazakh crude oil from Kashgan and Karachaganak fields.

Due to the sanctions imposed on Russia, the demand for certain goods from Kazakhstan has notably increased. For instance, Russian demand for Kazakh manufactured computers and other electronic goods has seen a surge in recent years. In 2022, the export of washing machines from Kazakhstan to Russia went from 0 to \$30 million. Kazakhstan also exports other goods like mineral fuels, iron ores, zinc, ferrous waste etc (Table 3.2.)

Table 3.2: Kazakhstan's Top 20 Exports to Russia

Product code	Product label	Million US dollars		
		Kazakhstan's exports to Russian Federation		
		Value in 2021	Value in 2022	Value in 2023
Total	All products	7,018.75	8,780.73	9,788.23
'28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	704.19	1,368.44	1,961.54
'72	Iron and steel	1,871.09	1,469.70	1,301.33
'84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	128.16	837.33	1,119.16
'26	Ores, slag and ash	1,828.66	935.32	994.17
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	122.87	827.40	667.20
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	551.08	608.99	479.56
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	88.80	199.04	459.10
'39	Plastics and articles thereof	112.90	182.07	241.40
'73	Articles of iron or steel	143.32	177.60	214.22
'25	Salt; sulphur; earths and stone; plastering materials, lime and cement	169.65	285.07	193.65
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	3.43	65.05	177.33
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	19.04	92.41	169.86
'40	Rubber and articles thereof	6.44	60.89	160.89
'38	Miscellaneous chemical products	16.98	76.87	140.91
'86	Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures ...	110.74	139.11	128.73
'79	Zinc and articles thereof	149.36	228.20	98.44
'21	Miscellaneous edible preparations	8.34	32.88	70.15
'62	Articles of apparel and clothing accessories, not knitted or crocheted	3.76	9.17	69.66
'32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	1.13	53.16	64.11
'82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	1.87	28.54	63.40
'34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ...	1.35	27.63	58.70

Product code	Product label	Million US dollars		
		Kazakhstan's exports to Russian Federation		
		Value in 2021	Value in 2022	Value in 2023
'33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	7.65	15.52	53.49
'22	Beverages, spirits and vinegar	39.28	69.73	45.58
'29	Organic chemicals	25.41	66.67	45.38
'19	Preparations of cereals, flour, starch or milk; pastrycooks' products	48.17	52.76	38.65
'18	Cocoa and cocoa preparations	17.78	24.06	38.57
'76	Aluminium and articles thereof	72.63	37.70	37.52
'95	Toys, games and sports requisites; parts and accessories thereof	1.66	32.44	37.21
'81	Other base metals; cermets; articles thereof	35.89	30.83	36.01
'02	Meat and edible meat offal	38.78	12.97	35.83
'83	Miscellaneous articles of base metal	4.17	21.50	31.40
'07	Edible vegetables and certain roots and tubers	42.06	36.65	30.27
'31	Fertilisers	34.06	52.43	30.23
'68	Articles of stone, plaster, cement, asbestos, mica or similar materials	11.14	18.42	26.40
'61	Articles of apparel and clothing accessories, knitted or crocheted	4.53	9.49	23.59
'17	Sugars and sugar confectionery	16.35	30.65	23.14
'04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	51.84	57.31	22.90
'52	Cotton	24.88	19.02	22.71
'30	Pharmaceutical products	25.34	30.71	21.91
'48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	16.51	36.73	21.63

Source: ITC, Trade Map

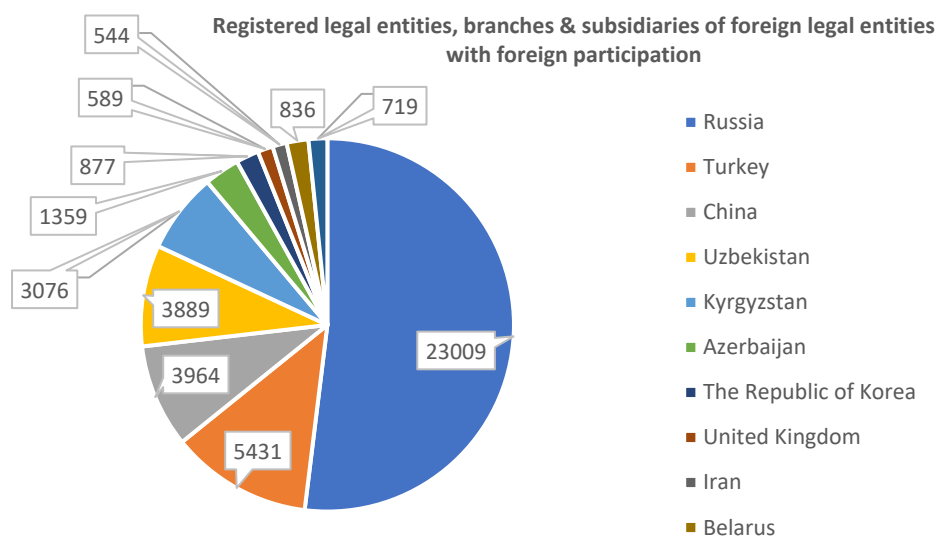
Kazakhstan is also one of the largest markets for the supply of Russian electricity and the country's electricity deficit is largely met by imports from Russia. As per the National Statistics Bureau of Kazakhstan, the country imported 3 billion kWh electricity from Russia during the first nine month of 2024.

The sanctions on Russia have indirectly impacted Kazakhstan's economy but have also created opportunities. In 2022-2023, the Western sanctions led to an influx of Russian companies relocating to Kazakhstan to operate in a sanction-free environment. As of January 2024, Russian enterprises in Kazakhstan, including subsidiaries and branches, numbered 23,009 (Figure 3.2,) which constitutes over half of the enterprises with foreign participation in the region.

As of November 2024, there are approximately 60 large-scale joint investment projects underway between the two countries in sectors like machine building, agriculture, and the chemical industry.

To mitigate its dependence on Russia, Kazakhstan has been investing heavily in the Trans-Caspian International Transport Route (TITR). This corridor, which links Kazakhstan with Azerbaijan, Georgia, and Turkey, serves as a key component of the country's strategy to diversify its trade routes and strengthen connections with Europe and other markets.

Figure 3.2: No. of registered legal entities, branches and subsidiaries of foreign legal entities with foreign participation in Kazakhstan



Source: Bureau of National statistics of the Republic of Kazakhstan

3.4 Trade with China

Since 2013, Kazakhstan accounts for more than 70 percent of Chinese investments in Central Asia¹⁵ The BRI Project, also known as Belt and Road Initiative, underscores these developments and the overall importance of the middle corridor, which defines Kazakhstan's trade relations with China. The middle corridor (Figure 3.3) provides an alternate trade route between China and Europe, that bypasses Russia.

Figure 3.3: The Middle Corridor



Source: Middle Trade and Transport Corridor, World Bank, November 2023.

Since the launch of the Silk Road Economic Belt in Kazakhstan in 2013, trade between the two nations increased from \$28.5 billion in 2013 to \$41.0 billion in 2023.

In 2023, Kazakhstan's exports to China amounted to USD 14.7 billion, representing 0.43% of China's total imports (Administration of Customs of the PRC.) Meanwhile, imports from China by Kazakhstan totalled USD 16.8 billion, making up 27.4% of Kazakhstan's total imports. Mineral oil, refined products, and inorganic chemicals made up the largest share of Kazakhstan's exports to China (Table 3.3,) and which were driven by China's growing energy demand.

Table 3.3: Kazakhstan's Top 20 Exports to China

Product code	Product label	Million US dollars		
		Kazakhstan's exports to China		
		Value in 2021	Value in 2022	Value in 2023
'TOTAL	All products	9,772.51	10,461.77	14,758.69
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	2,977.15	5,367.12	5,309.52
'26	Ores, slag and ash	2,227.02	2,819.01	3,786.93
'74	Copper and articles thereof	2,041.65	0.00	1,911.97
'28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	661.71	784.76	1,267.16
'72	Iron and steel	801.97	782.77	773.64
'10	Cereals	42.74	71.22	335.21
'12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	76.89	213.49	283.04
'79	Zinc and articles thereof	529.37	0.00	270.02
'84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	211.43	0.00	261.69
'15	Animal, vegetable or microbial fats and oils and their cleavage products; prepared edible fats; ...	40.37	162.84	172.29
'23	Residues and waste from the food industries; prepared animal fodder	12.79	73.76	128.90
'52	Cotton	17.87	11.54	59.01
'39	Plastics and articles thereof	0.28	0.01	40.90
'25	Salt; sulphur; earths and stone; plastering materials, lime and cement	2.75	53.32	29.60
'29	Organic chemicals	24.34	95.83	25.38
'81	Other base metals; cermets; articles thereof	47.28	0.00	20.63
'76	Aluminium and articles thereof	7.61	0.00	19.06
'24	Tobacco and manufactured tobacco substitutes; products, whether or not containing nicotine, ...	14.24	5.99	13.97
'18	Cocoa and cocoa preparations	1.70	5.56	10.63
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	2.92	0.00	5.19

Source: ITC, Trade Map

China is among Kazakhstan's top three agricultural trading partners, with agricultural trade between the two nations reaching \$1.3 billion in 2023 and representing a 60% increase compared to the previous year. In 2024, both countries signed contracts worth \$75 million for the supply of Kazakh meat and livestock to China.

Chapter 4

Kazakhstan- Pakistan Bilateral Trade Analysis



Chapter 4:

Kazakhstan-Pakistan Bilateral Trade Analysis

Pakistan was among the first countries to recognize Kazakhstan as an independent state in December 1991 and diplomatic ties between the two countries date back to February, 1992. Both countries have their embassies located in the capital city of the other – Islamabad and Astana respectively. The founding father of Kazakhstan, Nursultan Nazarbayev paid his first visit to Pakistan in 1992 and protocols on cooperation in multiple areas were signed during the visit. Since then, a total of 35 MOUs and bilateral agreements have been signed by both countries that cover different areas of cooperation.

Pakistan has been actively working to strengthen its trade and economic ties with Central Asia, particularly Kazakhstan, through trade diplomacy, institutional partnerships, and investment facilitation.

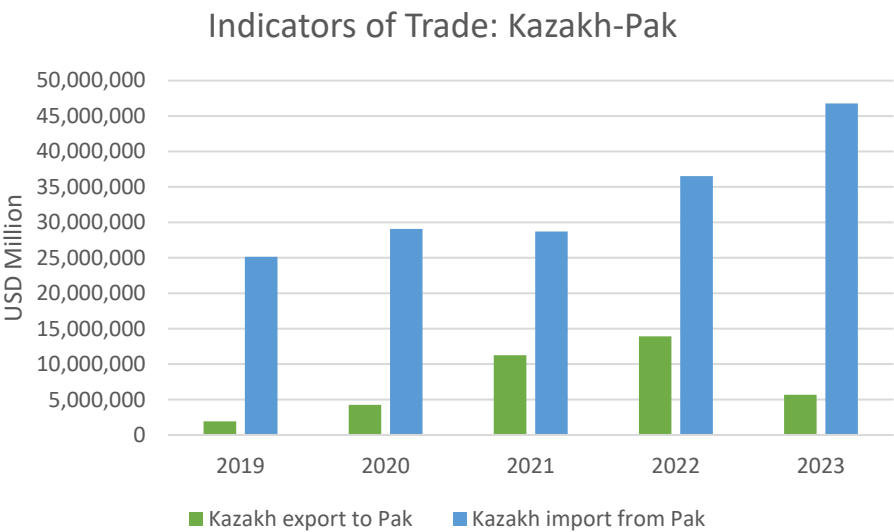
In Kazakhstan, as per the latest data released by the Bureau of National Statistics Kazakhstan (January 2024,) there are a total of 481 legal entities, branches and subsidiaries with Pakistani and joint form of ownership operating in Kazakhstan.

In June 2023, a significant breakthrough in trade relations between the two countries was achieved with the operationalization of the Quadrilateral Traffic in Transit Agreement (QTTA), signed by Pakistan, China, Kyrgyzstan, and Kazakhstan. This development allowed Pakistan to send its first transit shipment to Kazakhstan via the historic Silk Road.

The same year, in July 2023, a direct air corridor was inaugurated between the two countries, which allows direct passenger flights between Lahore and Almaty.

Figure 4.1 shows an overview of bilateral trade between Pakistan and Kazakhstan. Pakistan has maintained a positive trade balance over the years with Kazakhstan. In 2019, trade volume between Pakistan and Kazakhstan stood at \$65 million. By 2020, this figure had grown by 58%, reaching \$103 million. In 2022, the trade turnover of agricultural products alone amounted to \$12.6 million, representing a 28.8% increase compared to \$9.8 million in 2021. The bilateral trade turnover for the first eight months of 2024 stood at \$40 million; this represents a 16% increase compared to a year before that. Kazakhstan’s Imports from Pakistan were \$46.78 Million in 2023, which were largely concentrated in agricultural products.

Figure 4.1: Indicators of Trade between Kazakhstan and Pakistan



Source: Bureau of National statistics of the Republic of Kazakhstan

Kazakhstan is the largest importer of vegetables and fruits in Central Asia. In 2023, the country witnessed a high influx of agricultural products from abroad, representing over 70-80% of the fruits and vegetables available in markets across the country. Supplies of potato, which is the second most important agricultural product for consumers in the country, mostly came from Pakistan, Afghanistan and Russia.

On the other hand, Kazakhstan's grain harvest experienced substantial growth in 2024, which allowed the country to explore new export markets, including Malaysia, Pakistan, Brazil, and Indonesia.

Pakistan mainly exports agricultural and food products, pharmaceuticals, chemicals, shoes, leather items, sports and medical equipment, and construction materials to Kazakhstan. The top items exported to the Kazakh market (Table 4.1) include rice; dates, figs and mangoes; pharmaceutical products; fruits etc. Pakistan imports from Kazakhstan constituted of construction materials, food, machinery and equipment, fertilizers, coal, iron and nonferrous metals, seed oil, etc (Table 4.2.)

Table 4.1: Pakistan's Top 20 Exports to Kazakhstan

Product Code	Product Label	Million US dollars		
		Pakistan's exports to Kazakhstan		
		Value in 2021	Value in 2022	Value in 2023
Total	All products	193.67	153.01	107.96
'100630	Semi-milled or wholly milled rice, whether or not polished or glazed	115.90	60.75	32.78
'080390	Fresh or dried bananas (excl. plantains)	5.52	6.54	14.96
'080450	Fresh or dried guavas, mangoes and mangosteens	38.05	16.66	10.77
'100640	Broken rice	0.46	8.30	9.89
'100620	Husked or brown rice	11.27	16.55	9.47
'120740	Sesamum seeds, whether or not broken	9.04	10.07	9.28
'080529	Fresh or dried wilkings and similar citrus hybrids	6.48	17.24	3.91
'070190	Fresh or chilled potatoes (excl. seed)	1.52	6.13	2.67
'620319	Men's or boys' suits of textile materials (excl. of wool, fine animal hair or synthetic fibres, ...	0.00	0.01	1.21
'190531	Sweet biscuits	0.00	0.00	1.19
'842230	Machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers; ...	0.00	0.00	1.00
'521051	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	0.00	0.65	0.88
'300439	Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ...	0.67	0.76	0.80
'020120	Fresh or chilled bovine cuts, with bone in (excl. carcasses and 1/2 carcasses)	0.00	0.00	0.76
'901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	0.37	0.80	0.65
'071010	Potatoes, uncooked or cooked by steaming or by boiling in water, frozen	0.00	0.31	0.55
'521031	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	0.00	0.01	0.45
'100590	Maize (excl. seed for sowing)	0.00	0.05	0.45
'081090	Fresh tamarinds, cashew apples, jackfruit, lychees, sapodillo plums, passion fruit, carambola, ...	0.06	0.25	0.43
'300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0.97	2.38	0.41

Source: ITC, Trade Map

Table 4.2: Pakistan's Top 20 Imports from Kazakhstan

Product code	Product label	Million US dollars		
		Pakistan's imports from Kazakhstan		
		Value in 2021	Value in 2022	Value in 2023
Total	All products	22.10	38.00	1.00
'284130	Sodium dichromate	2.00	2.00	1.00
'720241	Ferro-chromium, containing by weight > 4% of carbon	0.00	0.00	0.00
'281910	Chromium trioxide	0.00	0.00	0.00
'270400	Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon	0.00	0.00	0.00
'090240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings ...	0.00	0.00	0.00
'071310	Dried, shelled peas "Pisum sativum", whether or not skinned or split	0.00	0.00	0.00
'720839	Flat-rolled products of iron or non-alloy steel, of a width of ≥ 600 mm, in coils, simply ...	11.00	15.00	0.00
'710310	Precious stones and semi-precious stones, unworked or simply sawn or roughly shaped, whether ...	0.00	0.00	0.00
'811100	Manganese and articles thereof, n.e.s.; manganese waste and scrap (excl. ash and residues containing ...	0.00	0.00	0.00
'340391	Textile lubricant preparations and preparations of a kind used for the oil or grease treatment ...	0.00	0.00	0.00
'720292	Ferro-vanadium	0.00	0.00	0.00
'720219	Ferro-manganese, containing by weight $\leq 2\%$ carbon	0.00	0.00	0.00
'720291	Ferro-titanium and ferro-silico-titanium	0.00	0.00	0.00
'999999	Commodities not elsewhere specified	0.00	0.00	0.00
'880730	Parts of aeroplanes, helicopters or unmanned aircraft, n.e.s. (excl. those for gliders)	0.00	0.00	0.00
'880790	Parts of aircraft and spacecraft, n.e.s.	0.00	0.00	0.00
'890190	Vessels for the transport of goods and vessels for the transport of both persons and goods ...	0.00	0.00	0.00
'890510	Dredgers	0.00	0.00	0.00
'900220	Filters, optical, being parts of or fittings for instruments, apparatus and appliances, framed ...	0.00	0.00	0.00
'900311	Frames and mountings for spectacles, goggles or the like, of plastics	0.00	0.00	0.00
'900659	Cameras for roll film of a width other than 35 mm or for film in the flat (excl. instant print ...	0.00	0.00	0.00

Source: ITC, Trade Map

During the recent Shanghai Cooperation Organization (SCO) member states meeting in Islamabad in 2024, the prime minister of Kazakhstan Olzhas Bektenov mentioned that the Republic is set to increase its exports to Pakistan, by providing over 85 different commodities worth \$490mn.

Pakistan and Kazakhstan have actively collaborated in regional and international platforms such as the United Nations, the Organization of Islamic Cooperation (OIC), the Shanghai Cooperation Organization (SCO), and the Conference on Interaction and Confidence-Building Measures in Asia (CICA).

Pakistan holds a comparative advantage in sectors like agriculture, pharmaceuticals, sports goods, cotton and related products, sugar, and cement which are highly sought after in the Central Asian Republics (CARs.) In contrast, Pakistan seeks access to natural resources like oil, gas, petroleum products, metals, and raw cotton.

4.1 Trade Complementarity Index (TCI)

Trade complementarity index shows the degree to which two countries are natural trading partners and how much one country's exports match its trading partner's imports. Thus, a high degree of complementarity reflects favourable trade potential. TCI is calculated using the formula:

Complementarity of country *i*'s exports with country *j*'s imports

$$TCI = 100[1 - \sum(|M_{jk} - X_{ik}|)/2]$$

Where '*X_{ik}*' is the share of product '*k*' in the total exports of reporting country to the world and '*M_{jk}*' is the share of product '*k*' in imports of partner country from the world.

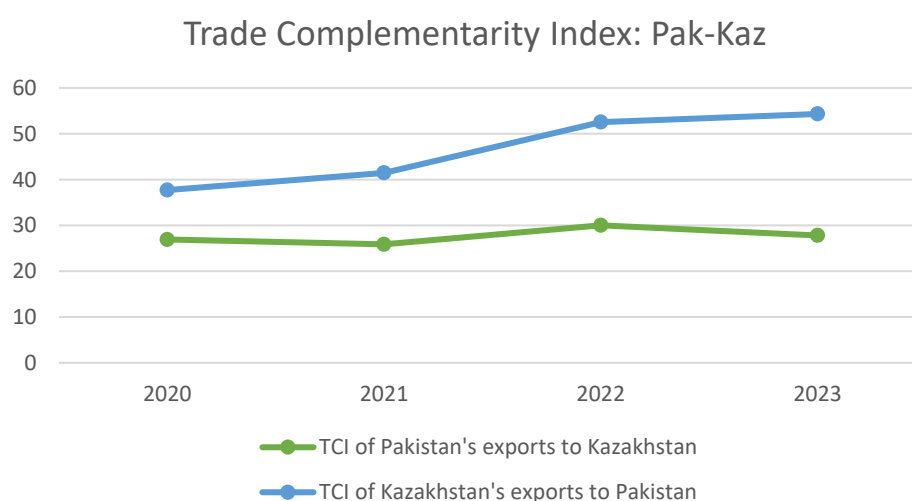
Complementarity of country *j*'s exports with country *i*'s imports

$$TCI = 100[1 - \sum(|M_{ik} - X_{jk}|)/2]$$

Where '*X_{jk}*' is the share of product '*k*' in exports of reporting country to the world and '*M_{ik}*' is the share of product '*k*' in imports of partner country from the world. Trade complementarity index ranges from 0 to 100. A score of 100 represents perfect complementarity and that the two countries are ideal trading partners. On the other hand, low complementarity indicates that the countries are perfect competitors.

The figure below shows the trade complementarity between Kazakhstan and Pakistan. Through the period 2020 to 2023, there exists a partial match between Pakistan's exports and Kazakhstan's imports as the TCI lies between 25.8 & 30. On the other hand, Kazakhstan's exports have steadily become more compatible with Pakistan's imports, as the TCI went from 37.6 in 2020 to 54.3 in 2023. Pakistan currently has less than 0.01% share in Kazakhstan's exports to the world, which implies a huge potential for trade between the two countries.

Figure 4.2: Trade Complementarity Index: Pakistan and Kazakhstan



Source: World Bank Data

4.2 Bilateral Export Competitiveness

Bilateral export competitiveness is determined by observing the change in the share of a country's exports in the total imports of a trading partner. The table below shows the bilateral export competitiveness (2023-2024) of Kazakhstan's top import partners. Pakistan ranks at 51, in terms of Kazakhstan's trade partners, and is only included in the table for comparison. Export competitiveness of France showed double-digit growth in market share in 2024, whereas the market share of Korea, Türkiye, and Japan showed a double-digit decline. Pakistan's share has also declined in 2024, by almost 30%, which indicates that Pakistan's export competitiveness in the Kazakh market fell last year.

Table 4.3: Bilateral Export Competitiveness – Kazakhstan

Bilateral Export Competitiveness					
Billion USD Thousand					
Rank	Import Partners	Imports of Kazakhstan	Share in Kazakhstan's Imports (Jan-Nov)		Change in Share 2023-2024 (%)
		(Jan-Nov) 2024	2023	2024	
1	Russia	15.95	27.90%	29.70%	6.40
2	China	13.66	25.50%	25.49%	-0.30
3	Germany	2.58	5%	4.82%	-4.00
4	USA	2.07	4.20%	3.86%	-9.50
5	The Republic of Korea	1.69	3.70%	3.16%	-16.20
6	Türkiye	1.55	3.40%	2.89%	-17.60
7	Uzbekistan	1.17	2.10%	2.17%	3.30
8	Japan	1.16	2.70%	2.17%	-22.20
9	Italy	1.16	2.10%	2.16%	2.80
10	France	1.77	2.10%	3.30%	57.10
51	Pakistan	0.04	0.10%	0.07%	-30.00

Source: Bureau of National statistics of the Republic of Kazakhstan

4.3 Revealed Comparative Advantage (RCA)

Revealed comparative advantage is another trade measure that shows the comparative advantage that one country holds in producing a certain product compared to global production of the said product. It can also be used to compare one country with another.

Table 4.4 shows the bilateral revealed comparative advantage of Pakistan over Kazakhstan for the top 20 export products of Pakistan to Kazakhstan at HS-06 level between 2017 and 2023.

In 2017, at HS-06 level, Pakistan had comparative advantage in 14 out of the top 20 exported products to Kazakhstan. In 2023, at HS-06 level, Pakistan had comparative advantage in 17 out of the 20 top export products to Kazakhstan.

Table 4.4: Pakistan's Bilateral Revealed Comparative Advantage over Kazakhstan for the Top 20 Export Products to Kazakhstan at HS-06 Level for the Years 2017 and 2023

Product Code	Product Label	Bilateral Revealed Comparative Advantage	
		2017	2023
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	45.40	40.00
080390	Fresh or dried bananas (excl. plantains)	0.80	1.00
080450	Fresh or dried guavas, mangoes and mangosteens	15.20	17.00
100640	Broken rice	76.50	81.40
100620	Husked or brown rice	52.42	110.00
120740	Sesamum seeds, whether or not broken	27.60	58.80
080529	Fresh or dried wilkings and similar citrus hybrids	94.60	32.80
070190	Fresh or chilled potatoes (excl. seed)	18.10	19.50
620319	Men's or boys' suits of textile materials (excl. of wool, fine animal hair or synthetic fibres, ...	8.10	16.50
190531	Sweet biscuits	0.50	1.00
842230	Machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers; ...	0.06	0.21
521051	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	128.00	144.00
300439	Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ...	1.00	1.47
020120	Fresh or chilled bovine cuts, with bone in (excl. carcasses and 1/2 carcasses)	12.70	15.20
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	3.70	3.59
071010	Potatoes, uncooked or cooked by steaming or by boiling in water, frozen	2.90	2.12
521031	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	53.90	44.00
100590	Maize (excl. seed for sowing)	0.10	3.67
081090	Fresh tamarinds, cashew apples, jackfruit, lychees, sapodillo plums, passion fruit, carambola, ...	0.53	0.13
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0.30	0.35

Source: The Observatory of Economic Complexity (OEC)

Chapter 5

Trade Blocs and Trade Agreements of Kazakhstan



Chapter 5:

Trade Blocs and Trade Agreements of Kazakhstan

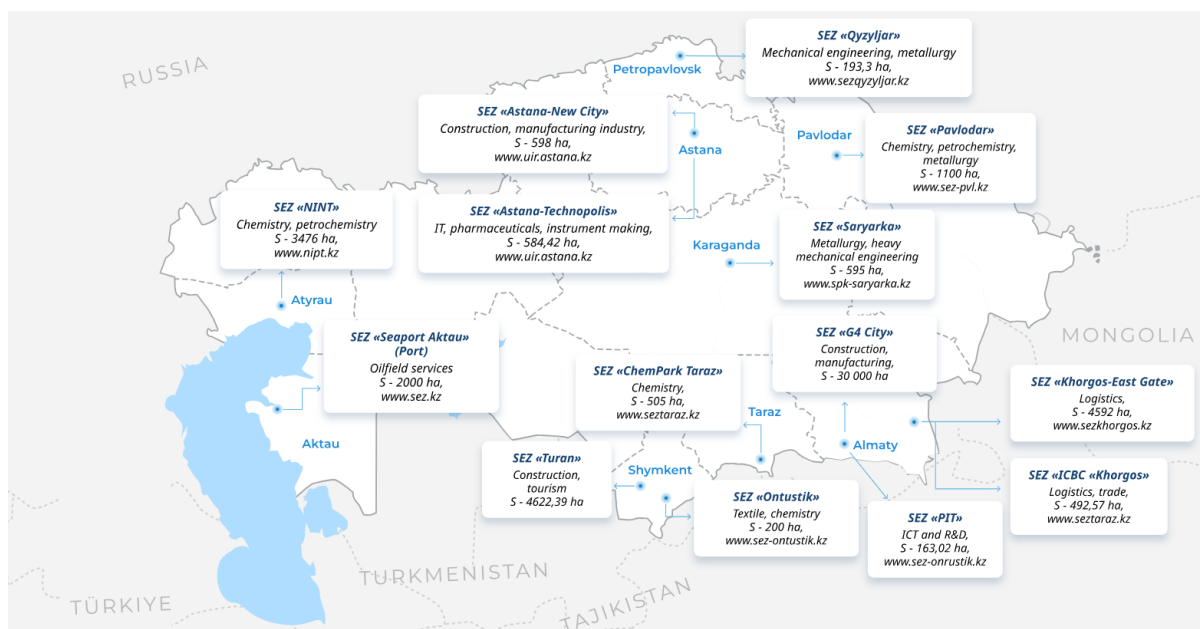
Kazakhstan joined the World Trade Organization (WTO) as its 162nd member on November 30, 2015. It is also a member of the Common Economic Zone and a founding member of the Eurasian Economic Union (EAEU). The EAEU operates its own Generalized System of Preferences (GSP), which grants reduced tariffs to around 109 developing and least-developed countries.

Kazakhstan in recent years has emerged as a key player in global energy security. Its strategic location has drawn renewed attention from foreign investors and states, particularly as an alternative trade and transport hub that circumvents sanctions imposed on Russia. The country hosts 13 major international transport corridors – five rail and eight road networks – that accounted for 32 million tons of transit traffic in 2023.

5.1 Foreign Investment through Special Economic Zones

To attract foreign investment, Kazakhstan has established 15 Special Economic Zones (SEZs) and multiple industrial zones (Figure 5.1.) Since the beginning of the SEZ project in 2000s, the country has attracted over \$5.5 billion in investments. The SEZs have had a tremendous impact in facilitating the country's diversification efforts as these have equipped Kazakhstan – by means of technology transfer – to produce goods such as trains, helicopters and other transportation items domestically.

Figure 5.1: Kazakhstan Special Economic Zones (SEZs)



Source: Kazakh Invest National Company

5.2 Trade Agreements and Regional Integration

As part of the EAEU, it collaborates with Armenia, Belarus, Kyrgyzstan, and Russia to implement tariff preferences under free trade agreements (FTAs) with countries such as Iran, Serbia, and Vietnam. Additionally, Kazakhstan maintains various tariff concessions under bilateral and regional agreements that predate the EAEU Treaty.

Table 5.1 provides an overview of some of the FTAs that are either in force, under negotiation or are under suspension, signed by Kazakhstan.

Table 5.1: Free Trade Agreements – Kazakhstan

	Title	Members	Status	Year in Force	Share of Total Exports in 2023 (%)	Share of Total Imports in 2023 (%)
1	Economic Cooperation Organization Trade Agreement (ECOTA)	Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Türkiye, Turkmenistan, Uzbekistan	in force	2008	13.10	7.20
2	Commonwealth of Independent States Free Trade Area (CIS FTA)	Armenia, Belarus, Russian Federation, Ukraine, Kazakhstan, Kyrgyz Republic, Moldova Republic, Tajikistan	in force	2012	20.90	33.70
3	Customs Union of Russia-Belarus-Kazakhstan-New Zealand Free Trade Agreement	New Zealand, Belarus, Russian Federation, Kazakhstan	Suspended	N/A	13.1	29.2
4	Viet Nam-Eurasian Economic Union Free Trade Agreement	Viet Nam, Armenia, Belarus, Russian Federation, Kazakhstan, Kyrgyz Republic	in force	2016	14.70	31.50
5	Customs Union of Russia, Belarus, and Kazakhstan-European Free Trade Association Free Trade Agreement	Belarus, Russian Federation, Liechtenstein, Iceland, Kazakhstan, Norway, Switzerland	Suspended	N/A	14.30	30.10
6	India-Eurasian Economic Union	India, Armenia, Belarus, Russian Federation, Kazakhstan, Kyrgyz Republic	under negotiation	N/A	15.00	31.20
7	Eurasian Economic Union	Armenia, Belarus, Russian Federation, Kazakhstan, Kyrgyz Republic	in force	2015	14.60	30.20
8	Eurasian Economic Union-Iran Free Trade Agreement	Iran, Armenia, Belarus, Russian Federation, Kazakhstan, Kyrgyz Republic	under negotiation	N/A	14.60	30.60
9	Eurasian Economic Union (EEU)-Singapore Free Trade Agreement	Singapore, Armenia, Belarus, Russian Federation, Kazakhstan, Kyrgyz Republic	under negotiation	N/A	16.60	30.30
10	Armenia-Kazakhstan Free Trade Agreement	Armenia, Kazakhstan	in force	2001	0	0.10
11	Georgia-Kazakhstan Free Trade Agreement	Georgia, Kazakhstan	in force	1999	0.30	0.10
12	Azerbaijan-Kazakhstan Free Trade Agreement	Azerbaijan, Kazakhstan	in force	1997	0.60	0
13	Kazakhstan-Uzbekistan Free Trade Agreement	Kazakhstan, Uzbekistan	in force	1997	4.00	2.10
14	Kyrgyz Republic-Kazakhstan Free Trade Agreement	Kazakhstan, Kyrgyz Republic	in force	1995	1.40	0.90
15	Pakistan-Kazakhstan Preferential Trade Agreement	Kazakhstan, Pakistan	under negotiation	N/A	0	0.10
16	Kazakhstan-Ukraine FTA	Ukraine, Kazakhstan	in force	2008	0.10	0.60
17	Kazakhstan-Russia Free Trade Agreement	Russian Federation, Kazakhstan	in force	1993	12.90	27.90

Source: The Asia Regional Integration Center (ARIC)

Kazakhstan and Pakistan share membership in several international forums and economic blocs, including the SCO, OIC, Economic Cooperation Organization (ECO), CICA, and the Central Asia Regional Economic Cooperation (CAREC) program. Moreover, Kazakhstan is a signatory of the Quadrilateral Traffic in Transit Agreement (QTTA), alongside Pakistan, China, and other Central Asian Republics.

5.3 Bilateral Agreements – Pakistan and Kazakhstan

Both Pakistan and Kazakhstan have signed more than 35 MOUs in the field of trade, commerce and regional integration (Table 5.2.) The Kazakhstan-Pakistan intergovernmental commission on trade and economic, scientific, technical and cultural cooperation acts as the main mechanism for interstate activities between the two countries.

Pakistan Regional Integration Economic Agency (PRIEA) and the Ministry of Commerce of Pakistan in 2022 organized a “Made in Pakistan” trade exhibition in 2022 in the city of Almaty, Kazakhstan. Over 60 Pakistani companies and businesses took part in the exhibition, with a total of 105 business delegates.

Table 5.2: MoUs signed between Pakistan and Kazakhstan

	MOUs signed between Pakistan and Kazakhstan	Date and Detail of Signing
1	Cooperation between APPC and National Company Kazakh Information Agency (KAZINFORM).	Agreement was signed in 2011 which is automatically renewable. Status of the agreement is that it is currently dormant.
2	MoU on Co-operation in the area of Defense and Strategic Studies between the National Defense University (NDU) and the Center for Military Strategic Research of Kazakhstan	Signed in August 2015 by Pakistan's Ambassador Abdul Salik Khan and President of the Kazakh Center for Military Strategies Kozy Korpesh Karbazob.
3	MOU between the National Export & Investment Agency of Kazakhstan and the Trade Development Authority of Pakistan (TDAP)	Signed in August 2015 by Commerce Minister Khurram Dastgir Khan and Deputy Chairman of the Kazakh Agency, Meirzhan Maikenov
4	MoU between the Foreign Services Academy of Pakistan and the Academy of Public Administration under the President of Kazakhstan	Signed in August 2015 by Special Assistant to PM Syed Tariq Fatemi and Rector of the Kazakh Academy of Public Administration
5	MoU for setting up a joint business council (JBC) between the Chamber of International Commerce of Kazakhstan and the Federation of Pakistan Chambers of Commerce and Industry	Signed in August 2015 by chairmen of both chambers
6	MoU on training military personnel of the armed forces	Signed in August 2015 by Pakistan's Ambassador to Kazakhstan, Abdul Salik Khan, and Kazakhstan's vice minister of defence, Talgat Mukhtarov
7	MoU on military technical cooperation between Pakistan and Kazakhstan	Signed in June 2016 by the minister of defence production Pakistan and the minister of defence Kazakhstan
8	MoU to strengthen bilateral cooperation in the agriculture sector - National Food Security and Research Pakistan	Signed in February 2020
9	MOU between Foreign Policy Research Institute under the Ministry of Foreign Affairs of Kazakhstan and the Islamabad Policy Research Institute	Signed in December 2021
10	MoU between All Pakistan Business Forum (APBF) and the Embassy of the Republic of Kazakhstan	Signed in February 2022 by All Pakistan Business Forum president Syed Maaz Mahmood and Yerzhan Kistafin, Ambassador of Kazakhstan
11	MoU between COMSATS and Islamic Organization for Food Security (IOFS), Kazakhstan	Signed in October 2022
12	MoU between TDAP, BOI and QazTrade, KazakhInvest	The agreement was signed on 23rd December 2022 and is in affect.
13	MoU between Kazakhstan's Bank CenterCredit and Pakistan's Bank of Punjab	Signed in January 2023
14	MoU between Al-Farabi National University and Abylkas Saginov Karaganda Technical University (Kazakhstan) and the Quaid-e-Azam University (Pakistan)	Signed in March 2023
15	MoU between Grappling Federation Kazakhstan and SukhChain Wellness Club Pakistan	Signed in July 2023
16	MOU on the creation and development of International Transport Corridor 'Belarus – Russia – Kazakhstan – Uzbekistan – Afghanistan – Pakistan – Ports of the Indian Ocean	Signed in September 2024 by the Minister of Communications of the Islamic Republic of Pakistan
18	7 MoUs between the government of Pakistan and Kazakhstan were signed in the 13th session of Pakistan Kazakhstan Joint Intergovernmental Commission on trade, economic, scientific, technical and cultural cooperation, including a formal accord for movement of goods via the 3 major ports in Pakistan i.e. Gwadar, Karachi and Bin Qasim	Signed in April 2025 by federal minister of communications (Pakistan,) federal minister of economic affairs (Pakistan,) and transport minister (Kazakhstan.)

Sources: Economic affairs division Government of Pakistan, Ministry of foreign affairs, Profit Pakistan.

Chapter 6

Opportunities For Increasing Pakistani Exports to Kazakhstan



Chapter 6:

Opportunities For Increasing Pakistani Exports to Kazakhstan

This chapter analyses the potential for Pakistani products at HS-06 level, in the Kazakhstani market. Both the extensive margin and the intensive margins are taken into account for this study.

The intensive margin of exports is defined as the potential for growth in exports of goods that are already being exported whereas the extensive margin of exports is the potential for exports of goods in new categories.

The export potential is calculated using the following formula:

Export Potential = Minimum (Pakistan's Exports to World, Kazakhstan's Imports from World) - Pakistan Exports to Kazakhstan

The products selected for this study have intensive or extensive margins of over \$1 million.

Table 6.1: Pakistan's Export Potential for Top 25 Products to Kazakhstan at HS-06 Level at Intensive Margin in 2023

Product Code	Product Label	Pakistan's exports to Kazakhstan	Kazakhstan's imports from world	Pakistan's exports to world	Indicative Trade Potential - 2023	Equivalent ad valorem tariff applied by Kazakhstan
		Value in 2023, USD thousand	Value in 2023, USD thousand	Value in 2023, USD thousand	Value in 2023, USD thousand	
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	32,783	19,004	2,125,803	-13,779	8
080390	Fresh or dried bananas (excl. plantains)	14,956	55,556	24,621	40,600	3
080450	Fresh or dried guavas, mangoes and mangosteens	10,768	1,463	109,340	-9,305	2
100640	Broken rice	9,887	358	409,065	-9,529	8
100620	Husked or brown rice	9,466	529	345,511	-8,937	8
120740	Sesamum seeds, whether or not broken	9,280	2,448	417,394	-6,832	0
080529	Fresh or dried wilkings and similar citrus hybrids	3,909	1,444	49,962	-2,465	4
070190	Fresh or chilled potatoes (excl. seed)	2,673	4,145	140,433	1,472	8
620319	Men's or boys' suits of textile materials (excl. of wool, fine animal hair or synthetic fibres, ...	1,207	5,520	20,527	4,313	7
190531	Sweet biscuits	1,186	56,430	38,714	55,244	9
842230	Machinery for filling, closing, sealing or labelling bottles, cans, boxes, bags or other containers; ...	1,000	31,886	3,042	30,886	0
521051	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	875	255	22,061	-620	10
300439	Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ...	795	59,483	116,892	58,688	0
020120	Fresh or chilled bovine cuts, with bone in (excl. carcasses and 1/2 carcasses)	756	12,691	6,266	11,935	18
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	653	173,870	448,841	173,217	1
071010	Potatoes, uncooked or cooked by steaming or by boiling in water, frozen	548	477	1,669	-71	8
521031	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	453	66	50162	-387	10

Product Code	Product Label	Pakistan's exports to Kazakhstan	Kazakhstan's imports from world	Pakistan's exports to world	Indicative Trade Potential - 2023	Equivalent ad valorem tariff applied by Kazakhstan
100590	Maize (excl. seed for sowing)	449	2943	346706	2494	0
081090	Fresh tamarinds, cashew apples, jackfruit, lychees, sapodillo plums, passion fruit, carambola, ...	434	7789	3682	7355	2
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	409	1063775	138876	1063366	3
420329	Gloves, mittens and mitts, of leather or composition leather (excl. special sports gloves)	372	3713	273290	3341	12
210690	Food preparations, n.e.s.	348	276277	129284	275929	9
300510	Adhesive dressings and other articles having an adhesive layer, impregnated or covered with ...	338	3658	1138	3320	5
950662	Inflatable balls	330	6818	235785	6488	5
360500	Matches (excl. pyrotechnic articles of heading 3604)	239	2278	11304	2039	7

Source: International Trade Centre

6.1 Textile Products

Pakistan ranks as the 9th largest textile exporter globally, with textile exports reaching \$18.4 billion in 2023. Of this, exports to Kazakhstan amounted to only \$15 million.

The table below outlines key textile products from Pakistan with significant export potential. Among them, **Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (HS-630231)** show the highest untapped potential, which is estimated at nearly \$19 million, followed by **Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials (HS-630710)** with an unrealized export potential of \$9.7 million.

At the extensive level, **Track-suits of synthetic fibres, knitted or crocheted (HS-611212)** has a high potential of export as between 2022-2023. Kazakhstan was the fastest growing importer of this product, with an import value of \$96.4 million.

As shown in the table below, China, Russia, and Türkiye dominated Kazakhstan's textile imports in 2023. Russia benefits from zero tariff access, whereas imports from China and Türkiye are subject to an ad valorem tariff of 4%.

Table 6.2: Key Textile Products from Pakistan with the Highest Export Potential

HS Code	Product Label	Top Three Suppliers to Kazakhstan and their market share (2023)	Top Three Suppliers with the Highest Annual Imports Growth (2019-2023, p.a)	Pakistan				
				Imports value 2023 (USD thousand)	Annual Imports Growth (2019-2023)	RCA	Pakistan's exports to the world (USD thousand)	Equivalent ad valorem Tariff Applied by Kazakhstan
630231	Bedlinen, table linen, toilet linen and kitchen linen of all types of textile materials (excl. ...	1. China (82.2%) 2. Türkiye (12.7%) 3. Uzbekistan (2.2%)	1. Bangladesh (131%) 2. Kyrgyzstan (113%) 3. Türkiye (103%)	170	30%	122	3,892,435	11%
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	1. Russian Federation (36.5%) 2. China (29%) 3. Türkiye (8.6%)	1. Malaysia (724 %) 2. Ukraine (165%) 3. Finland (137%)	176	11%	12.1	431,176	5%
610349	Men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials, ...	1. China (68.5%) 2. Türkiye (15%) 3. Russian Federation (4.1%)	1. Austria (446%) 2. Moldova (249%) 3. Bosnia and Herzegovina (167%)	158	11%	31.6	355,235	10%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1. China (50.9%) 2. Türkiye (24.3%) 3. Uzbekistan (6.7%)	1. China (104%) 2. Belarus (74%) 3. Indonesia (67%)	111	54%	8.99	336,616	6%
610469	Women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials, ...	1. China (65.7%) 2. Russian Federation (20.4%) 3. Türkiye (3.6%)	1. Kyrgyzstan (198%) 2. China (108%) 3. Vietnam (81%)	675	67%	13.3	129,180	8%
521051	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	1. China (60.6%) 2. Uzbekistan (23.6%) 3. Russian federation (13.5%)	1. China (110%) 2. Türkiye (21%) 3. Uzbekistan (9%)	875	-	49.2	22,061	10%
551441	Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, ...	1. Russian Federation (41.5%) 2. China (24.8%) 3. Türkiye (7%)	1. Italy (108%) 2. United States of America (57%) 3. Türkiye (41%)	198	-	10.2	4,053	8%
At Extensive Margin								
540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	1. China (33.9%) 2. Türkiye (30.5%) 3. Russian Federation (8.9%)	1. Turkmenistan (152%) 2. Iran (149%) 3. Korea (137%)	0	-	1.41	5,724	8%
611212	Track-suits of synthetic fibres, knitted or crocheted	1. China (83.4%) 2. Türkiye (12.6%) 3. Russian Federation (1.2%)	1. China (139%) 2. Morocco (98%) 3. Türkiye (91%)	0	-	7.09	12,006	10%

Source: International Trade Centre

6.2 Mineral Products

In 2023, mineral products ranked as the 8th most imported category of Kazakhstan, with total imports reaching \$3.17 billion. While Kazakhstan possesses a comparative advantage in the exports of lithium, nickel, gold, and rare-earth metals, it still relies on imports to meet domestic demand for various mineral products.

Kazakhstan imported only two mineral products from Pakistan in 2023, **salts (HS-250100)** and **silica sands (HS-250510)**. Among potential exports, **Portland cement (HS-252329)** shows the highest untapped potential, with an estimated \$43 million in unrealized export potential. Pakistan holds a higher Revealed Comparative Advantage (RCA) of 11.3 for this product, compared to Kazakhstan's 0.91, which positions it favourably for market expansion. Additionally, Kazakhstan applies a 2% tariff on Portland cement imports.

In 2023, Kazakhstan's leading sources of mineral product imports were Russia (\$1.83 billion), Mexico (\$322 million), and Kyrgyzstan (\$215 million.)

Table 6.3: Key Mineral Products from Pakistan with the Highest Export Potential

HS Code	Product Label	Top Three Suppliers to Kazakhstan and their market share (2023)	Top Three Suppliers with the Highest Annual Imports Growth (2019-2023, p.a)	Pakistan				
				Imports value 2023 (USD thousand)	Annual Imports Growth (2019-2023)	RCA	Pakistan's exports to the world (USD thousand)	Equivalent ad valorem Tariff Applied by Kazakhstan
250100	Salts, incl. table salt and denatured salt, and pure sodium chloride, whether or not in aqueous ...	1. Russian Federation (51.5%) 2. Belarus (18.9%) 3. Croatia (7.5%)	1. Iran (174%) 2. Pakistan (169%) 3. Kyrgyzstan (94%)	113	169%	11.65	52,744	4%
At Extensive Margin								
252329	Portland cement (excl. white, whether or not artificially coloured)	1. Russian Federation (77.4%) 2. Iran (15.4%) 3. Poland (3.2%)	1. Poland (249%) 2. China (47%) 3. Russian Federation (7%)	0	-	11.30	133,406	2%
260800	Zinc ores and concentrates	1. Russian Federation (58.4%) 2. Tajikistan (28.9%) 3. Australia (12.8%)	1. Russian Federation (18%) 2. Tajikistan (13%)	0	-	5.89	4,328	0%
260700	Lead ores and concentrates	1. Mexico (68.7%) 2. Tajikistan (21.3%) 3. Uzbekistan (5.4%)	1. Tajikistan (40 %) 2. Uzbekistan (20%)	0	-	4.75	1,030	1%

Source: International Trade Centre

6.3 Foodstuff and Beverage Products

The food and beverage processing industry is Pakistan's second-largest sector after textiles, and contributes 27% to value-added production. Among the food products exported to Kazakhstan, **Food preparations, n.e.s. (HS-210690)** and **Sugar confectionery not containing cocoa, incl. white chocolate (HS-170490)** hold the highest export potential, valued at \$131 million and \$70 million, respectively.

Pakistan's sauces, mixed condiments, and seasonings are among its globally recognized products, that are known for their rich flavors and diverse applications in the European and American markets. In 2023, Kazakhstan imported \$83.6 million worth of **Sauces, mixed condiments, and seasonings (HS-210390)**. This indicates a promising opportunity for Pakistan to diversify its exports within this category.

Table 6.4: Key Food and Beverage Products from Pakistan with the Highest Export Potential

HS Code	Product Label	Top Three Suppliers to Kazakhstan and their market share (2023)	Top Three Suppliers with the Highest Annual Imports Growth (2019-2023, p.a)	Pakistan				
				Imports value 2023 (USD thousand)	Annual Imports Growth (2019-2023)	RCA	Pakistan's exports to the world (USD thousand)	Equivalent ad valorem Tariff Applied by Kazakhstan
170490	Sugar confectionery not containing cocoa, incl. white chocolate	1. Russian Federation (54.8%) 2. Ukraine (16.3%) 3. Türkiye (7.9%)	1. Gambia (194%) 2. Turkmenistan (48%) 3. Tajikistan (34%)	749	6%	5.46	71,669	13%
190531	Sweet biscuits	1. Russian Federation (75.9%) 2. Kyrgyzstan (7.6%) 3. Poland (3.2%)	1. Azerbaijan (54%) 2. Turkmenistan (48%) 3. Uzbekistan (46%)	1,186	-	1.00	68,177	10.30%
210690	Food preparations, n.e.s.	1. Russian Federation (37.9%) 2. Italy (13.9%) 3. United States of America (8.4%)	1. Mongolia (134%) 2. Armenia (80%) 3. Pakistan (47%)	348	19%	1.75	131,976	9
At Extensive Margin								
210390	Preparations for sauces and prepared sauces; mixed condiments and seasonings (excl. soya sauce, ...	1. Russian Federation (72.2%) 2. Gambia (5.5%) 3. China (5.5%)	1. Tajikistan (201%) 2. Kyrgyzstan (83%) 3. Gambia (32%)	0	-	0.19	4,750	6%
200799	Jams, jellies, marmalades, purées or pastes of fruit, obtained by cooking, whether or not containing ...	1. Russian Federation (68.1%) 2. Greece (12.4%) 3. Belarus (6.7%)	1. Tajikistan (168%) 2. Iran (141%) 3. Uzbekistan (88%)	0	-	0.24	9,039	6%

Source: International Trade Centre

6.4 Meat and Dairy Products

In the meat and dairy sector, **Fresh or chilled bovine cuts (HS-020120)** presents the highest export potential for Pakistan. With a Revealed Comparative Advantage (RCA) of 15.2, Pakistan is well-positioned to meet the rising demand for bovine meat in the region, not to mention that 70% of Kazakh population is Muslim and demands halal-labelled products. Between 2022 and 2023, Pakistan also emerged as one of the three fastest-growing suppliers of bovine meat to Kazakhstan, behind Belarus.

On the dairy front, Kazakhstan consumes approximately 2.16 million tonnes of milk annually, while local production remains at 1.7 million tonnes. This leaves a supply gap that Pakistan can capitalize on. Strengthening dairy exports to Kazakhstan could offer a viable growth opportunity for Pakistan's dairy industry. Currently, Russia, Belarus, and Kyrgyzstan are the leading suppliers in Kazakhstan's meat and dairy market.

Table 6.5: Key Meat and Dairy Products from Pakistan with the Highest Export Potential

HS Code	Product Label	Top Three Suppliers to Kazakhstan and their market share (2023)	Top Three Suppliers with the Highest Annual Imports Growth (2019-2023, p.a)	Pakistan				
				Imports value 2023 (USD thousand)	Annual Imports Growth (2019-2023)	RCA	Pakistan's exports to the world (USD thousand)	Equivalent ad valorem Tariff Applied by Kazakhstan
020120	Fresh or chilled bovine cuts, with bone in (excl. carcasses and 1/2 carcasses)	1. Belarus (94.9%) 2. Russian Federation (3%) 3. United States of America (2.2%)	1. Russian Federation (29%) 2. Belarus (19%) 3. Paraguay (17%)	860	15%	15.20	6,266	18%
020714	Frozen cuts and edible offal of fowls of the species Gallus domesticus	1. United States of America (48%) 2. Russian Federation (35.9%) 3. Ukraine (9.7%)	1. Kyrgyzstan (588%) 2. Azerbaijan (87%) 3. Belarus (58%)	11	-	0.07	1,718	41%
At Extensive Margin								
040390	Buttermilk, curdled milk and cream, kephir and other fermented or acidified milk and cream, ...	1. Russian Federation (77.4%) 2. Kyrgyzstan (19%) 3. Belarus (3.6%)	1. Kyrgyzstan (25%) 2. Belarus (20%) 3. Spain (15%)	0	-	0.35	3,510	11%
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	1. Russian Federation (32.6%) 2. India (20.7%) 3. Greenland (19.3%)	1. Ecuador (22%) 2. France (20%) 3. Iran (14%)	0	-	2.19	63,257	1%

Source: International Trade Centre

6.5 Agricultural Products

India and Pakistan are among the largest global exporters of rice. However, in 2023, India's exports of **Semi-milled or wholly milled rice, whether or not polished or glazed (HS-100630)** to Kazakhstan greatly exceeded those of Pakistan, despite both countries facing an 8% ad valorem tariff. Earlier in July 2023, India had also put an embargo on the export of rice to control food inflation in the country. Still, the export of rice from Pakistan remained below the expected level. The unrealized export potential for Pakistani rice in the Kazakh market stands at \$19 million.

The export of tropical fruits to Kazakhstan, **Fresh or dried guavas, mangoes and mangosteens (HS-080450)**, recorded a 160% growth between 2019 and 2023. However, there still remains \$12.3 million in untapped export potential, with Pakistan's share in Kazakhstan's total imports of these fruits standing at only 0.76%.

In 2023, Pakistan exported \$21.7 million worth of **cabbages (HS-070490)**, with 99.5% of shipments directed to Afghanistan. Meanwhile, Kazakhstan imported \$9.49 million worth of cabbages. Given Pakistan's strong production capacity in this category, increasing exports to Kazakhstan could be a viable avenue for trade expansion.

Table 6.6: Key Agricultural Products from Pakistan with the Highest Export Potential

HS Code	Product Label	Top Three Suppliers to Kazakhstan and their market share (2023)	Top Three Suppliers with the Highest Annual Imports Growth (2019-2023, p.a)	Pakistan				
				Imports value 2023 (USD thousand)	Annual Imports Growth (2019-2023)	RCA	Pakistan's exports to the world (USD thousand)	Equivalent ad valorem Tariff Applied by Kazakhstan
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	1. Russian Federation (72.2%) 2. India (14.3%) 3. Pakistan (5%)	1. Egypt (455%) 2. Turkmenistan (358%) 3. Iraq (53%)	32,783	114%	51.13	2,125,803	8%
080450	Fresh or dried guavas, mangoes and mangosteens	1. Iran (51%) 2. China (17.2%) 3. Israel (9.1%)	1. Kyrgyzstan (183%) 2. Morocco (28%) 3. Jordan (26%)	10,768	160%	7.08	109,340	2%
080529	Fresh or dried wilkings and similar citrus hybrids	1. China (64.8%) 2. Pakistan (14.9%) 3. Türkiye (9.6%)	1. Tajikistan (100%) 2. Azerbaijan (51%) 3. Kyrgyzstan (18%)	3,971	8%	5.51	49,962	4%
070310	Fresh or chilled onions and shallots	1. Uzbekistan (59.9%) 2. Tajikistan (23%) 3. China (13.1%)	1. Kyrgyzstan (28%) 2. Afghanistan (17%) 3. Netherlands (7%)	114	-	4.10	71,932	8%
At Extensive Margin								
070490	Fresh or chilled cabbages, kohlrabi, kale and similar edible brassicas (excl. cauliflowers, ...	1. Uzbekistan (73%) 2. China (15%) 3. Iran (3.8%)	1. Türkiye (254%) 2. Kyrgyzstan (148%) 3. Iran (138%)	5	-	3.48	21,844	9%
080410	Fresh or dried dates	1. Iran (51%) 2. China (17.2%) 3. Israel (9.1%)	1. Kenya (152%) 2. Türkiye (96%) 3. Algeria (90%)	16	-	6.13	47,265	4%

Source: International Trade Centre

6.6 Spices, Tea and Dry Fruits

Black fermented tea and partly fermented tea, whether or not flavoured (HS-090240), and Dried pepper Capsicum/ Pimenta (HS-090421) represent the highest export potential for Pakistan in the Kazakh market at an intensive level, with unrealized potential valued at \$79 million and \$438 thousand, respectively.

Among other spices, Assorted Spices (excl. pepper of the genus Piper, fruit of the genus Capsicum or of the genus Pimenta... (HS-091099) hold the most potential for expanding Pakistan's market share. In 2023, India was one of the top three exporters of this category to Kazakhstan. As a major global spice exporter, Pakistan offers higher-value spice blends, that average about \$6,253 per ton, compared to India's \$3,303 per ton¹⁶. With this pricing advantage and a strong reputation, Pakistan is well-positioned to increase its presence in the Kazakhstani spice market.

Table 6.7: Key Spices, Tea, and Dry Fruits Products from Pakistan with the Highest Export Potential

HS Code	Product Label	Top Three Suppliers to Kazakhstan and their market share (2023)	Top Three Suppliers with the Highest Annual Imports Growth (2019-2023, p.a)	Pakistan				
				Imports value 2023 (USD thousand)	Annual Imports Growth (2019-2023)	RCA	Pakistan's exports to the world (USD thousand)	Equivalent ad valorem Tariff Applied by Kazakhstan
090240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings ...	1. India (34.5%) 2. Kenya (33.7%) 3. Russian Federation (18.6)	1. Cambodia (77%) 2. Uzbekistan (48%) 3. Iran (41%)	24	-31%	1.73	2,896	0%
090421	Fruits of the genus Capsicum or of the genus Pimenta, dried, neither crushed nor ground	1. Uzbekistan (55.2%) 2. Russian Federation (18.1%) 3. Vietnam (15.1%)	1. Afghanistan (267%) 2. Belarus (199%) 3. United Arab Emirates (28%)	88	25%	1.05	11,785	4%
At Extensive Margin								
091099	Assorted Spices (excl. pepper of the genus Piper, fruit of the genus Capsicum or of the genus Pimenta, ...	1. China (43.6%) 2. Russian Federation (32.3%) 3. India (13.8%)	1. Kyrgyzstan (322%) 2. Tajikistan (57%) 3. Russian Federation (20%)	1	-	21.99	9,659	3%
080290	Nuts, fresh or dried, whether or not shelled or peeled (excluding coconuts, Brazil nuts, cashew ...	1. United States of America (41.2%) 2. China (35%) 3. Turkiye (7.4%)	1. Kyrgyzstan (32%) 2. Russian Federation (19%) 3. Tajikistan (17%)	0	-	0.84	12,304	4%

Source: International Trade Centre

6.7 Pharmaceutical Products

Products including Medicaments containing hormones or steroids used as hormones but not antibiotics.... (HS-300439) and Wadding, gauze, bandages & similar (HS-300590) offer a combined intensive margin of \$66 million in the Kazakh market.

However, the lack of a WHO-approved quality control laboratory and a 20% protective duty on imported Active Pharmaceutical Ingredients (APIs) pose significant challenges to the sector's growth. These barriers limit the pharmaceutical industry's ability to fully capitalize on its export potential.

Table 6.8: Key Pharmaceutical Products from Pakistan with the Highest Export Potential

HS Code	Product Label	Top Three Suppliers to Kazakhstan and their market share (2023)	Top Three Suppliers with the Highest Annual Imports Growth (2019-2023, p.a)	Pakistan				
				Imports value 2023 (USD thousand)	Annual Imports Growth (2019-2023)	RCA	Pakistan's exports to the world (USD thousand)	Equivalent ad valorem Tariff Applied by Kazakhstan
300439	Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ...	1. Gambia (20.9%) 2. India (7.7%) 3. Italy (6.7%)	1. Slovenia (39%) 2. Kyrgyzstan (35%) 3. Finland (32%)	795	3%	0.47	116,892	0%
300590	Wadding, gauze, bandages and the like, e.g. dressings, adhesive plasters, poultices, impregnated ...	1. Uzbekistan (24.7%) 2. China (18.8%) 3. Russian Federation (18.8%)	1. Ukraine (46%) 2. Australia (41%) 3. Uzbekistan (22%)	33	-2%	0.39	2,981	5%
At Extensive Margin								
300420	Medicaments containing antibiotics, put up in measured doses "incl. those for transdermal administration" ...	1. Gambia (20.9%) 2. India (7.7%) 3. Italy (6.7%)	1. Ireland (34%) 2. Türkiye (28%) 3. Italy (23%)	0	-7%	1.41	18,006	3%

Source: International Trade Centre

6.8 Plastic Products

Kazakhstan imported about \$33 thousand of **Poly “ethylene terephthalate”, in primary forms (HS-3907)** and **Plastic housewares (HS-3924)** from Pakistan in 2023, whereas the untapped potential of \$144 million remains.

Pakistan only has RCA in the export of one of those products but has witnessed an annual growth of over 150% in the export of plastic and rubber products to Kazakhstan during 2019-2023, which went up from \$50.3k in 2022 to \$127k in 2023.

Table 6.9: Key Plastics Products from Pakistan with the Highest Export Potential

HS Code	Product Label	Top Three Suppliers to Kazakhstan and their market share (2023)	Top Three Suppliers with the Highest Annual Imports Growth (2019-2023, p.a)	Pakistan				
				Imports value 2023 (USD thousand)	Annual Imports Growth (2019-2023)	RCA	Pakistan's exports to the world (USD thousand)	Equivalent ad valorem Tariff Applied by Kazakhstan
390761	Poly “ethylene terephthalate”, in primary forms, having a viscosity number of ≥ 78 ml/g	1. China (59%) 2. Russian Federation (14.5%) 3. Türkiye	1. Lithuania (820%) 2. Kyrgyzstan (459%) 3. Austria (201%)	7	-	1.38	173,941	4%
392490	Household articles and toilet articles, of plastics (excl. tableware, kitchenware, baths, shower-baths, ...	1. Russian Federation (41.1%) 2. China (27.2%) 3. Uzbekistan (7.3%)	1. Bulgaria (312%) 2. Ukraine (108%) 3. Azerbaijan (101%)	26	-	0.62	20,771	7%
At Extensive Margin								
390319	Polystyrene, in primary forms (excl. expansible)	1. Russian Federation (55.5%) 2. Iran (30.1%) 3. China (6.2%)	1. United States of America (346%) 2. France (122%) 3. Iran (98%)	0	-	4.05	50,683	0%
390410	Poly “vinyl chloride”, in primary forms, not mixed with any other substances	1. China (64.8%) 2. Russian Federation (29.9%) 3. Iran (1.8%)	1. France (105%) 2. Italy (76%) 3. Czech Republic (47%)	0	-	0.61	17,920	3%

Source: International Trade Centre

6.9 Chemical Products

In 2023, chemicals were the 9th largest export category from Pakistan and it is also considered an important sector due to its linkages with other sectors. Pakistan's chemical exports to Kazakhstan in FY'23 were mainly concentrated in two commodities, **Chemical products and preparations of the chemical or allied industries... (HS-382499,)** and **Hydrogen peroxide, whether or not solidified with urea (HS-284700,)** with a combined value of \$92k. The potential to export these commodities was \$261 million.

Gelatin, whether or not in square or rectangular sheets, whether or not surface-worked or coloured... (HS-350300,) and **Disodium carbonate (HS-283620,)** have the highest growth potential at the extensive margin with values of \$3.3 million and \$96 million respectively.

Table 6.10: Key Chemical Products from Pakistan with the Highest Export Potential

HS Code	Product Label	Top Three Suppliers to Kazakhstan and their market share (2023)	Top Three Suppliers with the Highest Annual Imports Growth (2019-2023, p.a)	Pakistan				
				Imports value 2023 (USD thousand)	Annual Imports Growth (2019-2023)	RCA	Pakistan's exports to the world (USD thousand)	Equivalent ad valorem Tariff Applied by Kazakhstan
382499	Chemical products and preparations of the chemical or allied industries, incl. those consisting ...	1. China (28.8%) 2. Russian Federation (21.2%) 3. Gambia (12.2%)	1. Uzbekistan (105%) 2. Armenia (88%) 3. Kyrgyzstan (42%)	65	230%	0.14	10,305	4%
284700	Hydrogen peroxide, whether or not solidified with urea	1. Finland (59.3%) 2. Gambia (10.8%) 3. Russian Federation (9.4%)	1. Uzbekistan (1237%) 2. Chile (398%) 3. India (189%)	27	86%	1.56	1,101	5%
At Extensive Margin								
350300	Gelatin, whether or not in square or rectangular sheets, whether or not surface-worked or coloured, ...	1. Italy (46.7%) 2. Russian Federation (23.5%) 3. Belarus (17.4%)	1. Paraguay (6,028%) 2. Uzbekistan (96%) 3. Slovenia (83%)	1	34%	5.98	25,402	4%
283620	Disodium carbonate	1. Russian Federation (64.4%) 2. Kyrgyzstan (31.3%) 3. Uzbekistan (2.6%)	1. Turkmenistan (179%) 2. Chile (89%) 3. Korea (56%)	0	57%	5.00	49,487	5%

Source: International Trade Centre

6.10 Services Sector

In order to explore export potential for Pakistan in the services sector of Kazakhstan, Pakistan's Revealed Comparative Advantage (RCA) was calculated with respect to the services imported by Kazakhstan from the world. Table 6.11 shows Pakistan's RCA in the services sector that Kazakhstan imported from the world in 2023.

Table 6.11: Pakistan's RCA in Services that Kazakhstan Imported from the World in 2023

BPM6	BPM6, Services and their Categories	Pakistan's Exports to the World	Kazakhstan's Imports from the World	Pakistan's Exports to Kazakhstan	RCA
Value in USD Thousand					
3	Transport	982,927	3,420,000	46	0.78
4	Travel	2,188,000	3,410,000	3	1.49
5	Construction	52,000	169,000	-	2.21
6	Insurance and pension services	65,000	64,000	1	0.99
7	Financial services	129,000	235,000	1	0.72
9	Telecommunications, computer, and information services	2,717,000	815,000	221	7.52
10	Other business services	1,560,000	2,522,000	107	2.59
12	Government goods and services n.i.e.	1,125,000	153,000	2,893	70.51

Sources: State Bank of Pakistan, UNCAD and Author's Calculations

Out of the 8 services classifications listed in table, Pakistan has an RCA in 5 classifications i.e. Classification 4, Travel; Classification 5, Construction; Classification 9, Telecommunications, computer, and information services; Classification 10, Other business services and Classification 12, Government goods and services. Out of these, Kazakhstan has the highest number of imports in Classification 3, Travel and Classification 10, Other business services. In 2023, Kazakhstan imported \$3.4 billion of Classification 4, Travel and \$2.5 billion of Classification 10, Other business services, from the world, whereas its imports in both categories from Pakistan amounted to only \$3k and \$107k respectively.

Classification 3, Transport stood as Kazakhstan's top imported service in 2023. Even though, Pakistan does not have a revealed comparative advantage in this service, its exports to the world in classification 3, Transport, reached \$982 million in 2023.

Chapter 7

Opportunities For Increasing Kazakh Exports to Pakistan



Chapter 7:

Opportunities For Increasing Kazakh Exports to Pakistan

Kazakhstan has big plans for the expansion of exports especially in the agricultural sector in the coming years.

The country has the potential to increase its exports to Pakistan by \$4.6 billion. The products with the most potential at intensive level predominantly belong to the agriculture sector, whereas products with the highest export potential at extensive margin lie in the metal industry. Table 7.1 shows the top 10 products exported by Kazakhstan with the highest export potential in the Pakistan market in 2023.

Table 7.1: Kazakhstan's Export Potential for Top 10 Products to Pakistan at HS-06 in 2023

Product Code	Product Label	Kazakhstan's exports to Pakistan	Pakistan's imports from the world	Kazakhstan's exports to world	Indicative Trade Potential 2023	Equivalent ad valorem tariff applied by Pakistan
		Value in 2023, USD thousand	Value in 2023, USD thousand	Value in 2023, USD thousand	Value in 2023, USD thousand	
120400	Linseed, whether or not broken	476	331	227,702	227,226	3
100390	Barley (excl. seed for sowing)	15	1,358	263,958	263,943	3
71340	Dried, shelled lentils, whether or not skinned or split	499	85,643	87,615	87,116	3
120760	Safflower "Carthamus tinctorius" seeds	175	113	58,563	58,388	3
720839	Flat-rolled products of iron or non-alloy steel, of a width of ≥ 600 mm, in coils, simply ...	14	329,296	64,740	64,726	16
At Extensive Margin						
720449	Waste and scrap of iron or steel (excl. slag, scale and other waste of the production of iron ...)	0	488,350	156,615	156,615	9
790111	Unwrought zinc, not alloyed, containing by weight $\geq 99.99\%$ of zinc	0	19,688	544,502	544,502	3
520100	Cotton, neither carded nor combed	0	919,692	135,063	135,063	3
740311	Copper, refined, in the form of cathodes and sections of cathodes	0	49,355	2,840,466	2,840,466	3
780110	Unwrought lead, refined	0	33,635	139,786	139,786	2

Source: International Trade Centre

Table 7.2 shows Pakistan's market for products at HS-06 level with the most export potential for Kazakhstan in 2023 along with tariffs applied by Pakistan.

Kazakhstan has RCA in the export of all products listed except **Flat-rolled products of iron or non-alloy steel, of a width of ≥ 600 mm... (HS-720839.)** The tariff applied by Pakistan on its top trading partners and Kazakhstan is also added in the table to compare the tariff applied to Kazakhstan and other trading partners of Pakistan. Kazakhstan faces almost the same tariff rates as other trading partners of Pakistan.

Table 7.2: Pakistan's Market and Tariffs Applied for Products at HS-06 level with the Most Export Potential for Kazakhstan in 2023

HS Code	Product	Top Three Suppliers to Pakistan and their market share (2023)	Top Three Suppliers with the Highest Annual Imports Growth (2019-2023, p.a)	Kazakhstan's RCA	Tarriff Applied by Pakistan (%)					
					Kazakhstan	USA	UAE	China	Germany	UK
At intensive Margin										
120400	Linseed, whether or not broken	1. Aghanistan (92.4%) 2. United Arab Emirates (5.4%) 3. Uzbekistan (2.1%)	-	51.30	3	3	3	3	3	3
100390	Barley (excl. seed for sowing)	1. Australia (54.1%) 2. Afghanistan (38%) 3. Iran (8%)	Iran (126%)	5.49	3	3	3	3	3	3
071340	Dried, shelled lentils, whether or not skinned or split	1. Australia (39.4%) 2. Russian Federation (18.5%) 3. Canada (10.3%)	1. Susan (483%) 2. Myanmar (379%) 3. Uzbekistan (207%)	4.51	3	3	3	3	3	3
120760	Safflower "Carthamus tinctorius" seeds	1. Afghanistan (59.1%) 2. Iran (11.4%) 3. China (10.8%)	1. Paraguay (58%) 2. Afghanistan (46%)	109.00	3	3	3	0.4	3	3
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	1. China (62.5%) 2. Japan (21.5%) 3. Iran (2.8%)	1. Saudi Arabia (514%) 2. Iran (479%) 3. United Kingdom (403%)	0.90	15.5	15.5	15.5	10.5	15.5	15.5
At Extensive Margin										
740311	Copper, refined, in the form of cathodes and sections of cathodes	1. Zambia (68.2%) 2. China (12.5%) 3. Tanzania (12.5%)	1. Congo (198%) 2. Zambia (79%) 3. United Arab Emirates (57%)	9.73	3	3	3	0	3	3
790111	Unwrought zinc, not alloyed, containing by weight >= 99,99% of zinc	1. Korea (45.4%) 2. Iran (12.7%) 3. Australia (8.3%)	1. Japan (108%) 2. Brazil (103%) 3. China (91%)	19.50	3	3	3	0	3	3
720449	Waste and scrap of iron or steel (excl. slag, scale and other waste of the production of iron	1. United Kingdom (26.4%) 2. United Arab Emirates (22.5%) 3. United States of America (10.8%)	1. Poland (37%) 2. Norway (19%) 3. Finland (10%)	1.24	9	9	9	6	9	9
520100	Cotton, neither carded nor combed	1. United States of America (41.1%) 2. Afghanistan (14.8%) 3. Brazil (14%)	1. Australia (159%) 2. Benin (99%) 3. Turkiye (82%)	2.13	3	3	3	3	3	3
780110	Unwrought lead, refined	1. United Arab Emirates (51%) 2. Afghanistan (18.5%) 3. Saudi Arabia (14.3%)	1. Korea (99%) 2. United Arab Emirates (81%)	13.80	3	3	3	0	3	3

Source: International Trade Centre

7.1 Services Sector

To determine the export potential for Kazakhstan in the services sector of Pakistan, Kazakhstan's Revealed Comparative Advantage (RCA) is calculated with respect to the services imported by Pakistan from the world. Table 7.3 shows Kazakhstan's RCA in services that Pakistan imported from the world in 2023.

Table 7.3: Kazakhstan's RCA in Services that Pakistan Imported from the World in 2023

BPM6	BPM6, Services and their Categories	Kazakhstan's Exports to the World	Pakistan's Imports from the World	Kazakhstan's Exports to Pakistan	RCA
Value in USD Thousand					
3	Transport	5,065,000	4,203,000	184	2.96
4	Travel	2,256,000	2,206,000	92	1.12
5	Construction	35,000	23,000	-	1.08
6	Insurance and pension services	246,000	425,000	-	2.74
7	Financial services	480,000	381,000	3	1.96
9	Telecommunications, computer, and information services	732,000	336,000	4	1.47
10	Other business services	705,000	1,373,000	75	0.85
12	Government goods and services n.i.e.	256,000	319,000	77	11.69

Sources: UNCAD, State Bank of Pakistan and Author's Calculations

Kazakhstan holds RCA in all services listed in table, except Classification 10, Other business services. Most of Kazakhstan's exports to the world in 2023 were concentrated in Classification 3, Transport and, Classification 4, Travel. The former – transport services – saw 10% growth across all modes, whereas the latter – travel services – has also strengthened with approved applications for state support increasing 3 times in 2024.



Chapter 8

Tekem ama

Barriers to Trade

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
فَوَيْلٌ لِلَّذِينَ كَفَرُوا مِنْ عَذَابِ اللَّهِ
الَّذِي هُوَ مُّشَوِّعٌ
وَأَلْوَمٌ

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
فَوَيْلٌ لِلَّذِينَ كَفَرُوا مِنْ عَذَابِ اللَّهِ
الَّذِي هُوَ مُّشَوِّعٌ
وَأَلْوَمٌ



Chapter 8:

Barriers to Trade

Pakistan's annual trade with Central Asia remains within the \$400–\$500 million range, with an unrealised potential of approximately \$4-5 billion. In this section, some of the major barriers to trade between Pakistan and Kazakhstan are identified and discussed in detail; these include non tariff measures applied in both countries, lack of information about each other's markets, connectivity issues, infrastructure and transportation network deficiencies, and regional security concerns etc.

8.1 Non-Tariff Measures Applied by Kazakhstan

Non-tariff measures are defined as an alternative trade policy instrument that imposes an additional burden to importing a product beyond transportation costs and tariffs. Technical barriers to trade (TBT) and Sanitary and phytosanitary measures (SPS) make up the largest share of in-force NTMs across the globe.¹⁷

Sanitary and phytosanitary measures (SPS) are applied to ensure the safety of food, animal and plant life, whereas technical barriers to trade (TBT) encompass technical regulations, safety standards, and conformity assessment for goods.

The existing NTMs applied in Kazakhstan can be broadly categorized into the following categories:

- Labelling, marking or certification requirements
- TBT regulations on transport, storage and production processes
- Inspection requirements
- Licensing, permit or registration requirements to export
- Product registration/approval requirement
- Product-quality, safety or -performance requirement
- Restricted use of certain substances in foods and feeds and their contact materials
- Prohibitions for SPS reasons
- Measures on re-export
- Hygienic practices during production related to SPS
- Non-automated import-licensing procedures other than authorizations covered under SPS and TBT chapters
- Export price-control measures including additional taxes and charges
- Excise taxes
- Treatments to eliminate plants and animal pests or disease-causing organisms in the final product n.e.s. or prohibition of treatment
- Hygienic requirements, n.e.s.

8.2 Non-Tariff Measures Applied by Pakistan

In Pakistan, the main institution that regulates and enforces quality standards in products is the Pakistan Standards and Quality Control Authority (PSQCA.)

Categories of NTMs applied by Pakistan

- Labelling, marking or certification requirement
- Quarantine requirement
- Tolerance limits for residues of or contamination by certain substances
- Licensing, permit or registration requirements to export
- Prohibitions for SPS reasons
- Non-automated import-licensing procedures other than authorizations covered under SPS and TBT chapters
- Licensing for non-economic reasons, n.e.s.
- Inspection requirements
- Prohibition for political reasons (embargo)
- TBT measures, n.e.s.
- Requirement to pass through specified port of customs
- Custom-inspection, -processing and -servicing fees
- Hygienic requirements, n.e.s.
- Licensing for religious, moral or cultural reasons
- Measures on re-export

In the services sector, Pakistan allows all types of foreign investments, except in aviation, banking, agriculture and media¹⁸

8.3 Lack of Information and Connectivity Issues

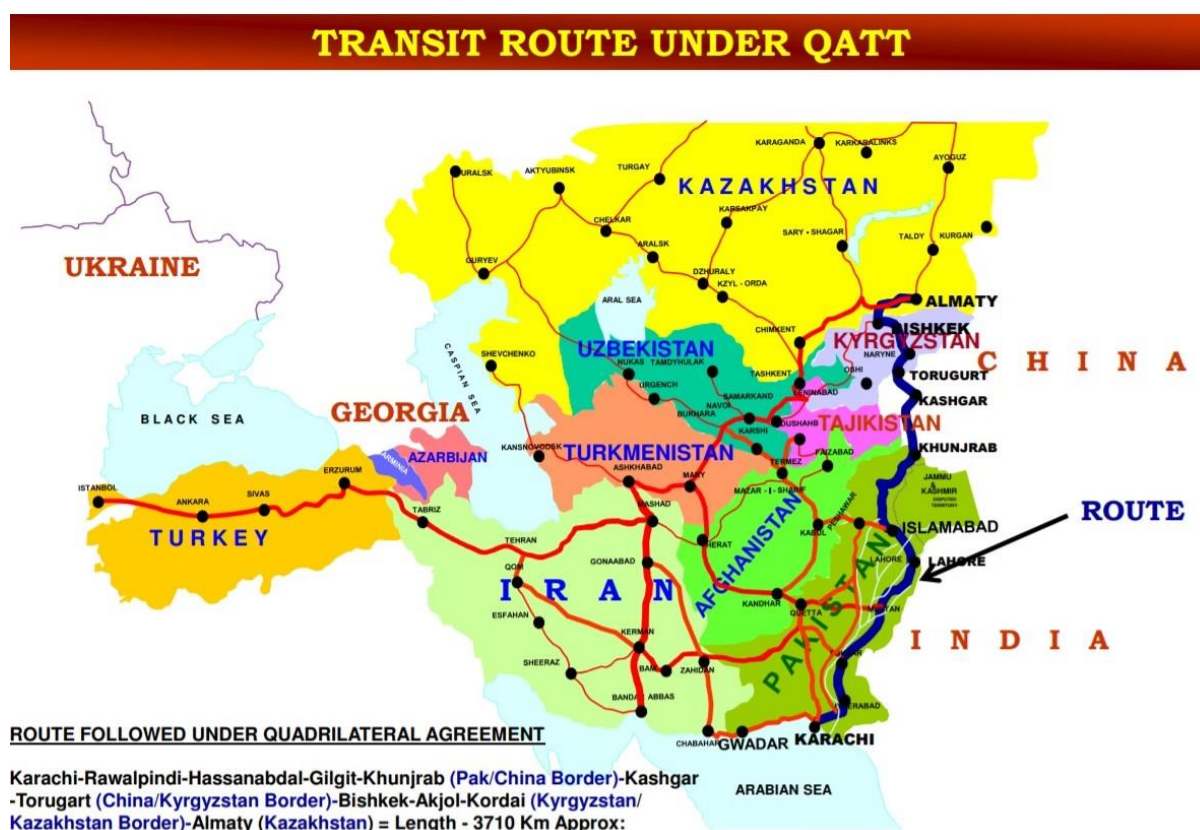
Despite growing interest in deepening bilateral trade, Pakistan and Kazakhstan face persistent hurdles due to limited infrastructure, weak communication channels, and the absence of a shared border. Trade routes are largely dependent on Afghanistan, where political volatility, transit restrictions, and logistical costs hamper smooth trade flows. While recent adoption of the TIR Convention has streamlined cross-border logistics for Pakistan, issues such as language-specific labelling, packaging standards, and liquidity constraints in Kazakhstan continue to limit exporter competitiveness.

There is also a systemic gap in digital connectivity and institutional coordination. Inefficient customs processes, inadequate information-sharing systems, and a lack of mutual trade intelligence which further prevents collaboration. Initiatives like the QTTA - which provides an alternate access to Central Asia, bypassing Afghanistan - and the CAREC programs do provide alternative trade corridors and promote greater regional integration, but their success depends on political will, stability in Afghanistan, and stronger intergovernmental coordination.

To enhance connectivity, both countries need to strengthen information-sharing frameworks, encourage participation in trade exhibitions, promote digital infrastructure development, and support cultural exchange to build mutual understanding. Coordinated investments in broadband, data centers, and e-commerce ecosystems would also facilitate long-term growth in trade and tourism.

¹⁸ United Nations Economic and Social Commission for Asia and the Pacific

Figure 8.1: Route under the Quadrilateral Traffic in Transit Agreement



Source: Kabul Press

8.4 Trans-border Spillover of Afghanistan's Internal Security Issues

Pakistan's land access to the Central Asian Republics (CARs) has primarily been dependent on transit through Afghanistan under the Afghanistan-Pakistan Transit Trade Agreement (APTTA) of 2010. However, instability in Afghanistan – ranging from the activities of terrorist groups like IS and TTP to anti-Pakistan sentiment – continues to disrupt trade flows and compromise regional cooperation. Frequent border skirmishes, including shelling incidents at Chaman and periodic closures at Torkham, have left thousands of trucks stranded and caused significant economic losses to Pakistani traders.

Moreover, Pakistan's refusal to allow Indian goods to pass through its territory and enter Afghanistan has created further diplomatic friction between Pakistan and Afghanistan. The porous 2,600 km Durand Line presents other challenges. The security threats not only undermine trust but also expose the precariousness of trade routes passing through Afghanistan that are critical to Pakistan's access to CARs.

The inconsistent implementation of regional trade agreements, such as SAFTA, along with a long-standing inward-looking trade policy that benefits select sectors, further restricts Pakistan from achieving greater economic diversification and integration.

8.5 A Way Forward – Quadrilateral Traffic in Transit Agreement (QTTA)

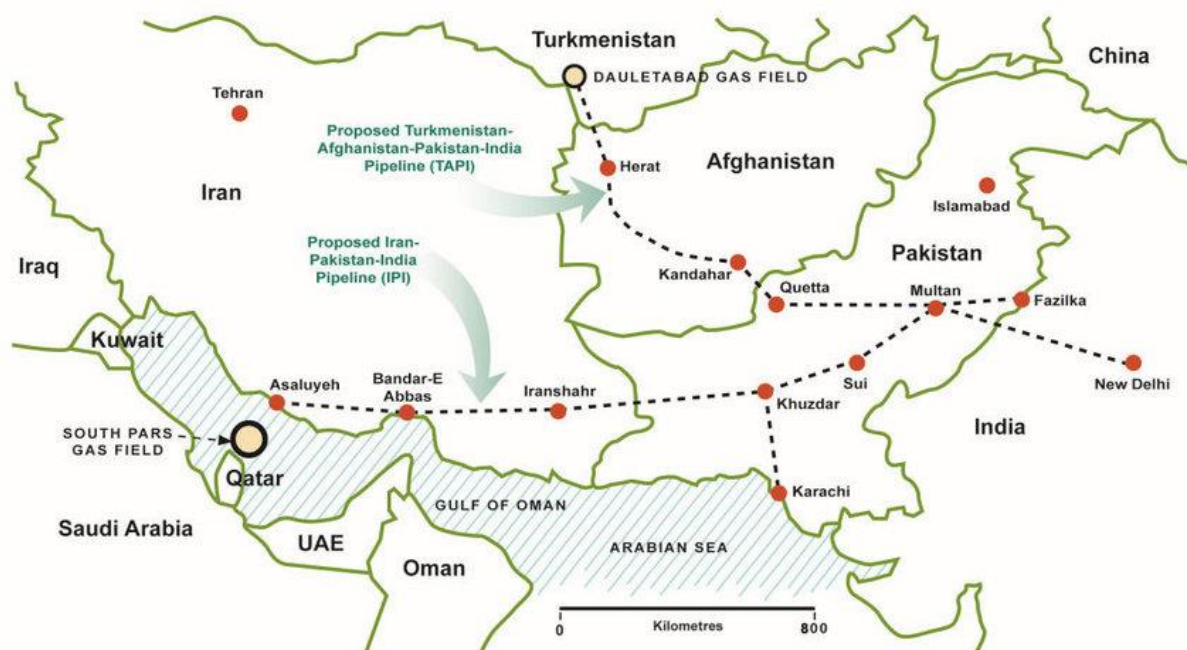
The Quadrilateral Traffic in Transit Agreement (QTTA), that involves Pakistan, China, Kazakhstan, and Kyrgyzstan, offers a strategic alternative to traditional transit routes that pass through Afghanistan. By reviving the ancient Silk Road and connecting the Central Asian Republics (CARs) to Pakistan via China, the QTTA provides access to the warm water ports of Pakistan.

To overcome connectivity challenges, both Pakistan and Kazakhstan must identify and support strategic initiatives. The infrastructure under QTTA has the potential to significantly increase transshipment capacity and reduce transit times, which would in turn enhance trade efficiency. The private sector players are already capitalizing on these developments. TCS, a major Pakistani logistics company, has established operations across CARs. To further support this momentum, it is important for both countries to promote and facilitate the expansion of private businesses. TCS, for instance, has signed multiple agreements with private enterprises, and has transported over 350 bilateral and transit containers since 2018 to destinations such as Azerbaijan, Uzbekistan, Kazakhstan, and Kyrgyzstan.

Other than QTTA, several other multi-modal infrastructure projects like the Trans-Afghan Railway Corridor, the Karakoram Highway, and the Pakistan-Afghanistan-Uzbekistan Railway Project also offer promising routes to connect Central Asia with South Asia. Under the CAREC framework, projects such as CASA-1000 and the Pakistan-Uzbekistan-Afghanistan Railway Project – which is currently halfway completed with final work planned for 2025 – also present immense potential for the region. The Wakhan Corridor and the TAPI gas pipeline (Figure 8.2) – which Kazakhstan intends to join – are also critical elements in enhancing energy and trade connectivity. Parallel to this, Pakistan is also looking at ways to complete the Iran-Pakistan gas pipeline to reduce its energy costs.

The proposal for a Greater Eurasian Partnership, suggested by the Russian Ministry of Foreign Affairs, also aligns with Pakistan's regional aspirations. This initiative aims to build on existing economic frameworks to increase cooperation, connectivity, and long-term integration across Eurasia.

Figure 8.2: The proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) Natural Gas Pipeline



Source: Oil & Gas Journal

Chapter 9

Input From Relevant Stakeholders



Chapter 9:

Input From Relevant Stakeholders

To gain a better understanding of the bilateral trade dynamics, input was sought from key stakeholders across industry and academia with direct involvement in trade and commerce between Pakistan and Kazakhstan.

Those interviewed included the Secretary of the Sarhad Chamber of Commerce & Industry, a representative from TCS Logistics based in Tashkent, an Associate Research Fellow at the SDPI Centre for Private Sector Engagement, Pakistani businessmen who trade with the Central Asian Republics and representatives from QazTrade - the Center for Trade Policy Development (JSC) in Kazakhstan.

From the discussions, the following insight were drawn:

- Kazakhstan is actively seeking to diversify its trading partners to reduce its longstanding economic reliance on Russia. Similarly, Pakistan's economic reliance on the U.S, EU and China positions both countries to benefit from deeper bilateral engagement, and makes trade expansion a mutually advantageous opportunity.
- One of the major issues identified in trade between Pakistan and Kazakhstan – or with any other Central Asian Republic – is the absence of efficient, direct logistics corridors. This bottleneck continues to hinder trade scalability.
- Kazakhstan has increasingly prioritized investment in non-extractive sectors such as agriculture, manufacturing, mechanical engineering, food production, and construction materials, and these are now driving its economic momentum. In 2023, non-oil sectors in Kazakhstan recorded higher growth than the oil and gas industry, which reflects a structural economic transition.
- Kazakhstan possesses a sound financial ecosystem and has doubled down on investment in digital public goods as part of its National Digital Financial Infrastructure (NDFI) strategy. As of 2024, cashless transactions accounted for over 85% of total payments, and more than 70% of the population utilize online banking services. This goes hand in hand with the expansion of the e-commerce sector.
- However, formal trade finance channels between Pakistan and Kazakhstan remain underdeveloped. Much of the current trade is facilitated through informal mechanisms such as hawala or through contract-based arrangements. Establishing correspondent banking relationships is critical to formalize and to scale trade.
- Given that most trade routes pass through Afghanistan, there is a pressing need to develop a reliable insurance market to mitigate risks and cover potential losses faced by traders and freight service providers.
- Strengthening B2B or business-to-business linkages is essential for improved information exchange and partnership building. While recent trade fairs and exhibitions have yielded promising outcomes, sustained and structured B2B engagement is still needed to enhance economic ties.
- Obtaining visas for Pakistani nationals traveling to Kazakhstan remains a significant hurdle, despite some recent improvements in visa facilitation.
- Communication is a major challenge for traders from both countries, as business dealings and official documentation in Kazakhstan are in Kazakh or Russian language; this poses difficulties in trade documentation, labelling, and compliance with customs & regulatory procedures.
- Owing to Kazakhstan's porous borders and the use of indirect trade routes, a substantial volume of Pakistani exports entering Kazakhstan are recorded as exports to neighbouring countries; this leads to discrepancies in official trade data.
- There is a noticeable information gap within Pakistan regarding Kazakhstan's regulatory and procedural requirements for trade, including standards, certifications, and documentation.
- Exports to Kazakhstan – and the wider Central Asian region – are significantly underreported. One likely factor is the difficulty in remitting export proceeds through formal banking channels; this deters proper documentation.
- The logistics of transporting goods, especially via Afghanistan, are dominated by small-scale transport operators who often function like cartels. This leads to unreasonably high freight rates and unpredictable service quality.
- The absence of reverse cargo flows from Kazakhstan to Pakistan raises the cost of one-way shipments, and reduces the overall competitiveness of Pakistani exports.

- The 2% export cess levied by the Khyber Pakhtunkhwa government adds an additional cost on exporters; this is affecting their price competitiveness in Central Asia & Afghanistan.
- For long-term success in the Kazakh market, it is critical for Pakistani firms to establish a local presence. Setting up offices staffed with locals familiar with the language, culture, and regulatory landscape will enhance market penetration and operational efficiency.

9.1 Opportunities in Trading with Kazakhstan

Export Opportunities

- Fruits and vegetables
- Rice
- Halal food products
- Pharmaceutical products
- Handicrafts
- Textiles and garments
- Construction Services
- Telecommunications, computer, and information services

Fruits And Vegetables

- Kazakhstan has significantly boosted the import of key vegetables and fruits over the past 2 years due to a rise in domestic prices which occurred due to the most catastrophic flooding the country experienced in 80 years in the spring of 2024.
- Pakistani agricultural exports, particularly mangoes, mandarins and potatoes are now in high-demand in the region and according to trade data from January 2025, the import of potatoes alone in Kazakhstan has risen sharply to 5,500 tons.
- Historically, Russia has been the largest exporter of fruits and vegetables to Kazakhstan but due to unpredictable changes in trade relations and the exchange rate, countries like Uzbekistan and Pakistan have now taken up the major market share of vegetable and fruit exports in the country.

Rice

- Rice is one of the biggest export commodities of Pakistan, and holds cultural and culinary significance across both South Asia and the Central Asian Republics.
- Despite India's temporary ban on rice exports, which created a gap in the market, Pakistan was unable to capitalize on the opportunity, partly due to logistical challenges and market penetration issues.

Halal food products

- The global halal food market is growing at a fast pace and is expected to reach a global value of \$2.8 trillion in the coming years. Pakistan's halal meat exports, particularly chilled bovine meat, have seen increased demand in key markets including the UAE, Saudi Arabia, Kuwait, and Uzbekistan.
- Kazakhstan, as a Muslim-majority country that is increasingly emphasizing halal standardization, offers significant potential for Pakistani exporters.

Pharmaceutical Products

- Pakistan's global pharmaceutical exports totalled \$341 million in FY23-24, and contributed 1% to the GDP.
- Central Asian Republics, including Kazakhstan, Uzbekistan and Kyrgyzstan, present a lot of opportunities in the pharma sector, especially for the export of anti-biotics and OTC medicines

- However, exporters face considerable hurdles such as high product registration costs, inconsistent distribution infrastructure, and regulatory compliance requirements. The product registration process in Kazakhstan alone can take up to three to four years.

Handicrafts

- Pakistan is one of the world's leading producers of handwoven Oriental carpets and handicrafts; these form an integral part of its cottage industry, particularly in the northern regions.
- The Ministry of Commerce of Pakistan and TDAP in recent years have taken active interest in facilitating broader participation of the domestic handicraft industry in international trade exhibitions, including the "Made in Pakistan" exhibition in 2022 in Astana.
- Setting up display centres to showcase Pakistani handicrafts would further help the products to gain spotlight in the region.

Textiles and Garments

- Textiles were the 5th most imported product by Kazakhstan in 2023, and the largest exporters to the country were China, Turkey and Uzbekistan.
- Pakistan could diversify its export destinations for textiles and export high value-added textile products to Kazakhstan. The country imported \$143 million worth of knit active wear alone in 2023.

Construction Services

- The construction sector in Kazakhstan accounts for 5.6% of the total economic output of the country but is struggling with a massive labour shortage of almost 111,000 unoccupied positions. According to one forecast, this figure could double in the next 5 years.
- Both skilled and unskilled labour from Pakistan could be utilised in order to meet the rise in demand in the construction sector in Kazakhstan.

Telecommunications, Computer, & Information Services

- Enhancing digital connectivity between Pakistan and Kazakhstan through liberalization of digital assets and the development of cross-border infrastructure could reduce costs for businesses and facilitate increased trade in IT-enabled services (ITES) and e-commerce.
- Bilateral cooperation in digital policy and capacity-building would also enable both countries to modernize their economies in alignment with global trends.

9.2 Import Opportunities

Wheat

- Pakistan imported \$1 billion worth of wheat in FY24, in order to meet domestic demand and avert shortages amid declining local production for the second consecutive year.
- Kazakhstan is a net exporter of wheat and exports 6.5-7.5 million tons of wheat every year. In 2023, Pakistan's primary sources for imported wheat were Russia, Romania, and Ukraine.

Cooking/edible oil

- The import of edible oil in Pakistan reached \$3 billion in the first nine month of FY25. Among these, the import of soyabean oil increased by 116.37% and that of palm oil by 23.42%.
- In 2024, Kazakhstan ranked 8th among the top 10 vegetable oil exporters in the world. The domestic production of edible oil has increased 2.5 times in the last 3 years.

- The main importers of vegetable oil from Kazakhstan are China, Uzbekistan, Tajikistan and Afghanistan, but the government plans to extend their distribution in the middle east too.
- Currently, Pakistan imports edible oil from Malaysia, Indonesia, and Argentina, but Kazakhstan presents a promising new avenue to diversify and secure its supply chain.

Fertilizers

- Fertilizer shortages in Pakistan have become routine, which leads to an increase in the prices of commodities and difficulties for farmers.
- Kazakhstan's chemical sector contributes 4.6% to the total manufacturing output and fertilizers are one of the key products of the chemical industry. The government is also keen on investing heavily in the sector and recently announced the construction of a new fertilizer plant valued at \$1.35 billion.
- Pakistan, which relies heavily on imports from Europe and China, could explore Kazakhstan as a cost-effective and geographically viable alternative.

Metal Products

- Kazakhstan's has approximately 16 billion tons of iron ore reserves, which makes it stand fourth in the world. Russia is ranked first but after the Russia-Ukraine war, Russian steel mills faced sanctions by many countries. Hence, China which is one of the biggest importers of iron ore pivoted towards Kazakhstan. Pakistan could follow suit to ensure more stable and diversified metal imports.

Dental and Medical Services

- Kazakhstan is emerging as a regional hub for medical and dental tourism and receives customers and patients from Central Asia, Russia and Africa.
- The country offers high-quality dental care at relatively low costs and is known for its advanced cardiac, oncological, and diagnostic treatment facilities.
- Kazakhstan also has world-class mother and child hospitals and child rehabilitation centers, which makes it a great option for medical partnerships or specialized treatment referrals.

9.3 Challenges and Constraints

Logistics and Connectivity Issues

- Exporters from both Pakistan and Kazakhstan face major logistical challenges, including the absence of direct land routes, underdeveloped infrastructure, high transportation costs, and insecure transit corridors.
- Kazakhstan is a landlocked country and Pakistan has no direct land routes that directly connect it to the Central Asian Republics. Therefore, all cargoes and shipments from Pakistan have to pass through Afghanistan, which as a region poses a number of security issues.
- The ongoing regional connectivity projects like Quadrilateral Traffic in Transit Agreement (QTTA,) CASA-1000 and Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) power project, if implemented successfully, could massively facilitate trade and economic growth in the region.

Regulatory and Bureaucratic Barriers

- Significant issues remain with the Web-Based One Customs (WeBOC) system, which is central to the customs clearance process in Pakistan. Despite the adoption of the Pakistan Single Window (PSW), WeBOC continues to suffer from technical flaws and inefficiencies that hinder trade operations.
- Kazakhstan, as a member of the Eurasian Economic Union (EAEU), enforces strict technical standards and certification requirements, including the Eurasian Conformity Certification. This increases compliance burdens and costs for Pakistani exporters.
- Most of the laboratories under the Pakistan Standard and Quality Control Authority (PSQCA,) which is the country's

primary standard setting body for industrial and consumer products, are not globally accredited which means their certifications are not globally accepted.

Capacity and Product-Specific Issues

- Under the Kazakhstani labelling requirements, in order to import goods in the region, some minimum information, including the name the of product, the country of origin, date of production and the name of applicable standards, has to be printed in both the Kazakh and Russian languages. This poses additional packaging and compliance challenges for Pakistani exporters.
- Kazakhstan also applies multiple phytosanitary testing and certification requirements on the import of goods. Most of these measures are duplicative i.e. they are already applied by the exporting country.
- There is an urgent need for harmonization of standards, permits, and regulatory practices. People-to-people (P2P) exchange should also be integrated into broader trade and diplomatic discussions.

Geopolitical and Regional Instability

- Both Pakistan and the Central Asian Republics have increased their engagement with Afghanistan in recent years, in the sphere of trade and commerce. However, any abrupt security risk, changes in the government in Kabul, or a major geopolitical shift could disrupt the current progress.
- Pilot cargo shipments like export of goods from Pakistan to Tashkent have been successful, and have increased hopes of strengthening trade via Afghanistan, but they do not ensure long-term security or viability for larger commercial trade volumes.
- Regional political tensions, if inflamed, such as those between Uzbekistan-Tajikistan and the dispute over access to river water between Kyrgyzstan, Uzbekistan, and Tajikistan could create additional trade frictions.
- Future development and infrastructure related projects for alternate routes must be carried out without further delay. Regional cooperation between CARs, Afghanistan and Pakistan on security must also be enhanced.

Financial and Institutional Constraints

- A major hurdle in bilateral trade is the lack of direct banking channels between Pakistan and Kazakhstan. Letters of Credit (LoCs), which facilitate secure payments, must currently be routed through third-party banks in the UAE, Oman, or the US.
- If a Pakistani exporter wants to get an LoC from a Kazakh buyer, it will be underwritten by some correspondent foreign bank in the US, UAE or Oman. Moreover, other third-party banks may charge hefty commission. For example, if a shipment is sent from Kazakhstan to Pakistan worth \$8000 via an Omani bank, it will take \$200 as commission. Hence, it is expensive for both sides at the moment to trade.
- Currently, no export credit guarantee schemes exist for bilateral trade with Kazakhstan, meaning traders bear the full risk of non-payment. Introducing an insurance or guarantee mechanism would significantly encourage greater trade flows by reducing financial uncertainty.

Digital Connectivity and Information Exchange Gaps

- Despite growing digitalization globally, Pakistan and Kazakhstan still lack adequate digital trade infrastructure to support cross-border commerce. The absence of digital platforms for customs, trade documentation, and B2B interactions adds to transaction delays and limits the visibility of trade flows.
- This lack of digital integration reduces the ability of exporters and importers to coordinate, share market intelligence, or benefit from emerging technologies such as e-certification and blockchain-based logistics solutions.
- The current state of digital connectivity also prevents meaningful citizen-to-citizen and institutional knowledge exchange; this makes it harder to build trust-based commercial ties and reduce transaction friction.

Lack of Market Intelligence and Advisory Infrastructure

- Exporters, particularly small and medium enterprises (SMEs,) struggle to obtain accurate and up-to-date information about Kazakhstani market regulations, customs protocols, tariff regimes, and sector-specific demand.
- Most trade information is scattered across various government and institutional websites, not updated regularly, or unavailable in user-friendly formats. This information vacuum discourages new exporters from entering the Kazakhstani market and results in costly compliance errors for those who do.
- The absence of structured awareness programs and technical support poses a huge challenge, particularly for exporters in less-developed regions who do not have access to traditional advisory services.

Restrictive Visa Regimes and Limited Air Connectivity

- Lengthy and cumbersome visa application processes present another barrier for Pakistani businesspersons interested in attending trade fairs, build networks, or explore market opportunities in Kazakhstan.
- The lack of direct flights or reliable air cargo services between the two countries further hinders business travel and increases the cost of air freight, especially for high-value or time-sensitive exports.
- These mobility restrictions prevent the development of closer cultural and commercial linkages, which are vital for trade trust-building and long-term cooperation.

Trade Data Discrepancies and Transparency Issues

- A major constraint for evidence-based policymaking is the significant mismatch between Pakistan's and Kazakhstan's official trade statistics.
- Goods often pass through multiple borders or are rerouted via third countries (like Afghanistan or the UAE,) which leads to their misclassification in official records. This distorts trade figures and complicates efforts to identify potential high-growth sectors or address trade bottlenecks.
- The absence of a bilateral mechanism for reconciling trade data impairs planning for future trade missions, trade policy revisions, and targeted investment promotion.

Dominance of Informal Logistics Operators and Freight Cartels

- The regional freight market, especially via Afghanistan, is dominated by informal logistics operators who frequently charge inflated prices due to lack of regulation and limited competition.
- This cartelization leads to inefficiencies such as inconsistent delivery times, lack of cargo tracking, and poor accountability in the event of loss or damage.
- Furthermore, there is limited capacity among local logistics firms in terms of cold chain handling, multimodal transport integration, or customs navigation, which raises costs and reduces reliability.

Uncompetitive Provincial Taxation Policies

- The imposition of a 2% export cess by the Khyber Pakhtunkhwa (KPK) government has been widely criticized by exporters as an additional cost burden that reduces their international competitiveness.
- This is especially problematic for traders using the Afghanistan route, who already face high freight charges and significant compliance risks.
- In the absence of offsetting support measures (like tax credits or subsidies,) such cesses act as a disincentive for exporters.

Chapter 10

Recommendations



Chapter 10:

Recommendations

Based on the findings of this report and discussions with relevant stakeholders from both Pakistan and Kazakhstan, the following measures are proposed to facilitate and improve bilateral trade between the two countries:

■ Prioritize Completion of Transport Infrastructure

Trade and commerce between Pakistan, Kazakhstan, and other Central Asian Republics (CARs) can be significantly enhanced through strategic investments and timely completion of key connectivity projects. These include the Quadrilateral Traffic in Transit Agreement (QTTA), the proposed Pakistan-Kazakhstan railway link, CASA-1000, and the Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) energy corridor. Successful completion and launch of these initiatives would provide reliable transit routes, reduce transportation costs, and open up new markets.

■ Improve Digital Connectivity

Development of digital ecosystem inevitably strengthens the supply chain power of a country, which in turn improves transparency and resilience. Enhanced digital connectivity between Pakistan and Kazakhstan would not only reduce costs but also expand trade volumes. Inspired by the Pakistan-China Digital Corridor, both countries should work toward promoting digital trade integration. This would also facilitate knowledge sharing, innovation, and citizen-to-citizen exchange.

■ Harmonize Customs Procedures and Other Regulatory Frameworks

Cumbersome documentation processes and incompatible regulations remain major obstacles to trade. Both governments must work toward harmonizing customs procedures, simplifying documentation requirements, and enhancing interoperability between border authorities. This would reduce clearance times, lower the compliance costs, and build trust among traders and financial institutions.

■ Establish Online Payment Gateways and a Unified Payment Mechanism

Exporters from both countries have expressed difficulty in getting their documents verified from third party banks because there are no correspondent banking links between Pakistan and Kazakhstan. Therefore, establishing a unified payment mechanism or enabling online payment gateways would streamline transactions and minimize the reliance on intermediary banks.

Concurrently, introducing an export credit guarantee scheme would reduce risks for exporters and enhance trade confidence by insuring losses incurred by exporters during transit or due to non-payment by buyers in Central Asia.

■ Better Transit Arrangements with Afghanistan

Afghanistan remains a crucial partner for both Pakistan and Kazakhstan for trade and commercial purposes. A stable and cooperative commercial partnership with Afghanistan is necessary for sustained regional connectivity.

Moreover, current trade via Afghanistan – which is subject to frequent cases of fraud, changes in documentation, high rates of tariffs – must be regularised.

■ Finalise Preferential Trade Agreement

While the recent signing of the transit trade accord between Pakistan and Kazakhstan for movement of goods through three Pakistani ports is a promising step in the right direction, a preferential trade agreement would further streamline trade processes and eliminate existing frictions in trade. Finalizing such an agreement should be prioritized to formalize and institutionalize bilateral trade relations.

Promote Trade in Low Hanging Fruits with High Density

Initial trade efforts should focus on goods with high market demand. For instance, Kazakhstan can benefit from the import of Pakistani agricultural products such as rice, fruits, and vegetables. Conversely, Pakistan could import Kazakh wheat, grain, and industrial metals. Prioritizing these “low-hanging” sectors would generate early trade success and build mutual confidence.

Enhanced Economic Cooperation Beyond Trade

Bilateral cooperation should extend to sectors like e-commerce, fintech, transportation, tourism, and joint industrial ventures. Both countries have emerging fintech ecosystems, which presents a valuable opportunity for cross-border collaborations and the creation of a shared digital infrastructure.

Establish a Joint Chamber of Commerce

To institutionalize dialogue and build deeper business-to-business (B2B) engagement, the formation of a Pak-Kazakh Joint Chamber of Commerce or a dedicated bilateral business consortium is recommended. Such bodies could facilitate information exchange, identify key areas for collaboration, and serve as a platform for addressing private sector challenges.

Facilitate Access to Market Information Through a Business Information Portal

Another significant barrier to bilateral trade between Pakistan and Kazakhstan is the lack of consolidated, accessible information regarding business regulations, licensing requirements, investment policies, tariffs, and sector-specific opportunities, particularly for SMEs that lack access to traditional trade advisory services.

We recommend the development of a dedicated online portal to enable real-time information exchange on regulatory requirements, market intelligence, and investment opportunities. This portal should serve as a central repository for business procedures in both countries and managed jointly by trade ministries or national chambers of commerce, with periodic updates and multilingual accessibility.

In addition to an online portal, organizing awareness seminars, trade readiness programs, and technical workshops in collaboration with trade associations and export promotion councils would greatly help bridge this gap.

Promote Tourism Cooperation and Cultural Exchange

Tourism is an untapped sector with enormous potential for bilateral cooperation. Kazakhstan’s tourism industry has been growing steadily, with annual tax revenues rising by 25% and employment in the sector expanding by 5–8%. Growing demand for eco-tourism, religious tourism, and cultural experiences presents valuable entry points for Pakistan.

Both countries can engage in tourism diplomacy by launching joint tourism campaigns to promote each country’s destinations. Moreover, encouraging student exchanges, cultural festivals, and academic partnerships can also build long-term people-to-people connectivity.

Ease Visa Regimes and Expand Direct Connectivity

Burdensome visa procedures and limited air connectivity remain serious impediments to greater economic and cultural exchange. Pakistani tourists and businesspersons face lengthy visa processes, whereas direct flight options between the two countries are limited. It is recommended to have a visa-free regime or at a minimum, e-visas or visa-on-arrival facilities for businesspersons and tourists.

■ Encourage Trade Exhibitions

Single-country exhibitions are an effective way to improve visibility and establish trade contacts. These can be organized in either country on a rotating basis, with a particular focus on agriculture and agritech, pharmaceuticals and health products, textiles and apparel and IT and digital services. Such exhibitions also enable market testing for new products and services and help identify consumer preferences.

■ Promote Cross-Border Joint Ventures

Joint ventures between Pakistani and Kazakh enterprises can act as an impetus for innovation, technology transfer, and productivity gains. These partnerships should be encouraged in sectors such as light manufacturing, information and communication technology (ICT), renewable energy, agribusiness and logistics and cold chain development.

Governments on both sides could facilitate these efforts by offering fiscal incentives for public-private partnerships (PPPs) and providing investment guarantees and dispute resolution mechanisms.

■ Improve Trade Data Accuracy and Transparency

Pakistani exports entering Kazakhstan are frequently recorded as exports to neighbouring transit countries due to porous borders and indirect trade routes. This leads to significant discrepancies in official trade statistics, which in turn affects evidence-based policymaking and market assessments.

Therefore, we recommend the establishment of a bilateral data-sharing mechanism between Pakistan Customs and Kazakh authorities to reconcile trade statistics and reduce discrepancies.

■ Address Logistical Bottlenecks and Encourage Competitive Transport Services

The logistics ecosystem via Afghanistan is largely dominated by informal, cartelized operators who charge inflated freight rates and deliver unpredictable service quality. Additionally, lack of reverse cargo flow from Kazakhstan raises the cost of outbound shipments from Pakistan.

We recommend formalizing regional logistics operators through licensing, capacity building, and access to finance and supporting the formation of professional logistics associations that can self-regulate and standardize service delivery.

■ Reconsider the KP Export Cess for Greater Competitiveness

The 2% export cess imposed by the Khyber Pakhtunkhwa government adds to the already high logistics and compliance costs faced by exporters, particularly those using the Afghanistan route. We recommend a review and possible suspension of the export cess in consultation with provincial stakeholders and business associations and alternative revenue generation mechanisms that do not negatively impact exporters' global price competitiveness.

■ Encourage Establishment of Local Offices for Long-Term Export Sustainability

For sustained success in the Kazakh market, it is essential that Pakistani firms move beyond occasional exports and establish permanent presence in Kazakhstan. To help exporters set up representative offices, warehouses, or joint ventures in Kazakhstan, government should provide investment facilitation support, such as fast-track licensing, market entry advisory, and legal aid.

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Annexure



Annexure

List of Interviewees

S. No.	Institution/ Company	Interviewee Designation
1	Sarhad Chamber of Commerce	Secretary
2	QazTrade - the Center for Trade Policy Development (JSC.)	Deputy CEO
3	TCS Logistics	Operation team member based in Tashkent
4	SDPI Centre for Private Sector Engagement	Associate Research Fellow

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