

# Macro outlook and investment opportunities in Kazakhstan

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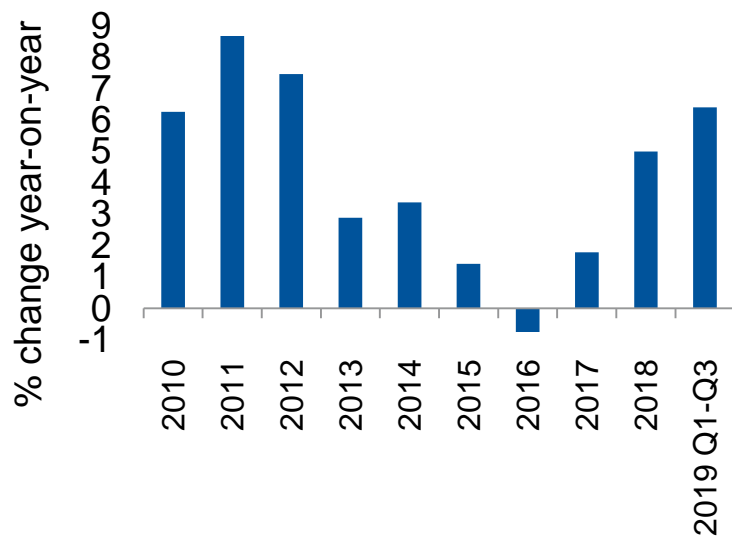
**European Bank**  
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# ST: Consumer confidence is on the rise, but corporate lending is lagging

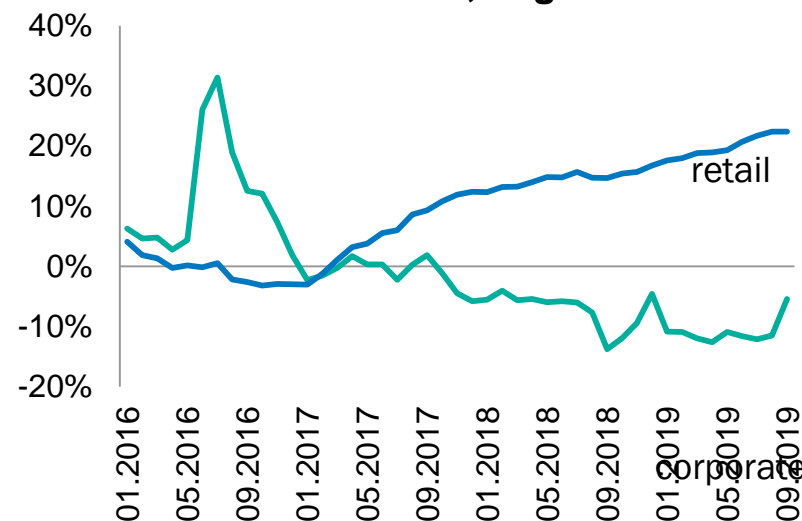


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### Real incomes



### Bank loans, % growth

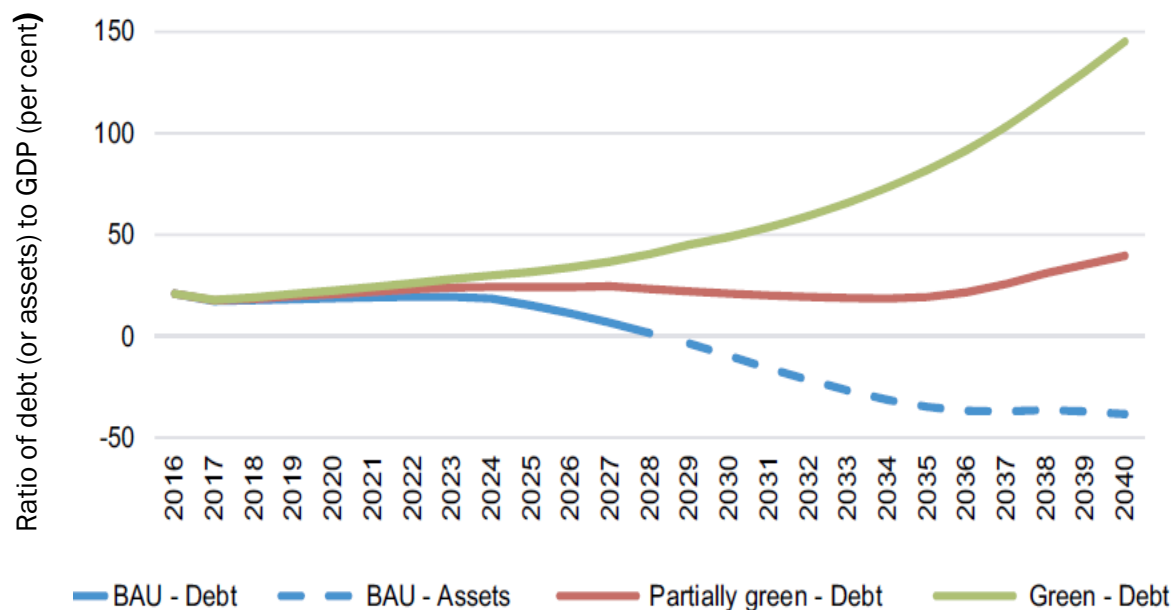


	2017	2018	H1 2019	2019	2020
<b>Central Asia</b>	<b>4.7</b>	<b>4.8</b>	<b>5.1</b>	<b>4.9</b>	<b>4.7</b>
Kazakhstan	4.1	4.1	4.1	3.9	3.6
Kyrgyz Republic	4.7	3.5	6.4	4.3	3.7
Mongolia	5.3	6.9	7.3	6.8	5.4
Tajikistan	7.1	7.3	7.5	7.0	6.3
Turkmenistan	6.5	6.2	6.2	6.3	6.0
Uzbekistan	4.5	5.1	5.8	5.5	5.8

Source: Committee on Statistics of the Republic of Kazakhstan, National Bank of Kazakhstan

# LT: How could changes in global energy markets affect the Kazakhstani economy?

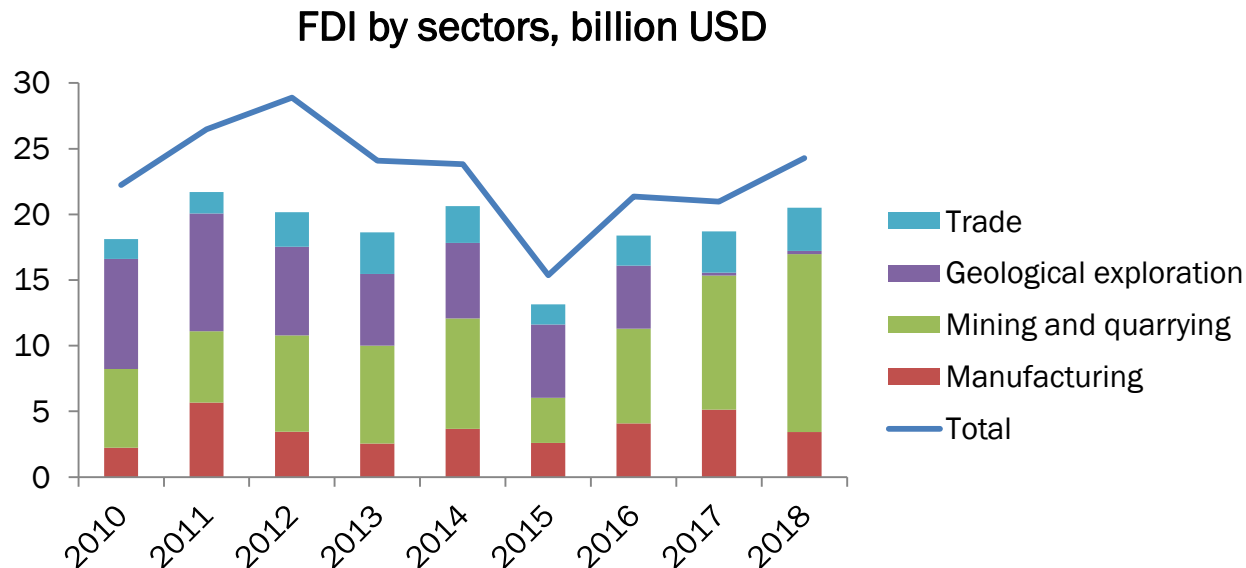
- EBRD published a report (2018) looking at fiscal implications for Kazakhstan of a future world that uses less oil in line with the goals of the Paris Agreement and the SDGs.
- In the “fully green” scenario, with oil prices around US\$ 65 in 2040, gross debt in Kazakhstan is expected to rise to almost 150% of GDP by 2040, with depletion of existing assets in the National Oil Fund.
- Gross debt would rise rapidly but only after early 2030s, giving Kazakhstan a window of around a decade in which to put in place measures to build fiscal and economic resilience



Source: The fiscal implications for Kazakhstan of worldwide transition to a greener global economy, EBRD

# MT: Export diversification away from oil has been slow, Kashagan might even reverse the trend

- Non-oil share in GDP increased to an average of 76% in 2014-18 (vs 71% in 2009-13)
- Non-oil share in export value of goods increased to an average of 40% in 2014-18 (vs 37% in 2009-13)
- Both trends reflect a decline in average oil prices in the last five years
- Recent data on FDI imply heavy (and increasing) concentration on mining and quarrying

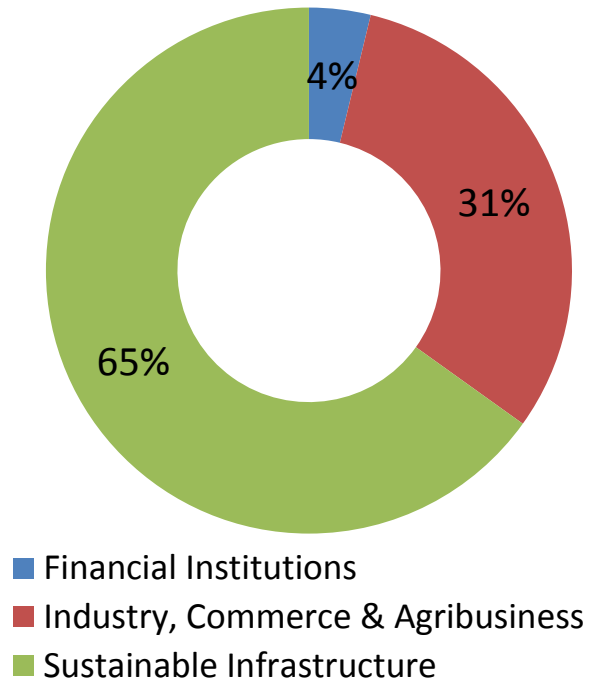


Source: National Bank of Kazakhstan

# EBRD strongly supports diversification and modernisation in Kazakhstan

- The EBRD and the Government of Kazakhstan prolonged their **Enhanced Partnership Framework Arrangement (EPFA)** for another three years in December 2017, targeting global competitiveness, green economy, privatisation and infrastructure.
- A multitude of projects, including SMEs, in **agribusiness, transportation and logistics, solar and other renewables** will be significant contributors to diversification and modernisation.
- We also work on policy reform, including in the **capital markets, green economy, regional development and gender inclusion.**
- EBRD is engaged in the region's **first proper PPP**, with a total project cost of €675 million - the Big Almaty Ring Road PPP. We expect it to open the doors to increased private sector participation in infrastructure financing both in Kazakhstan and beyond.

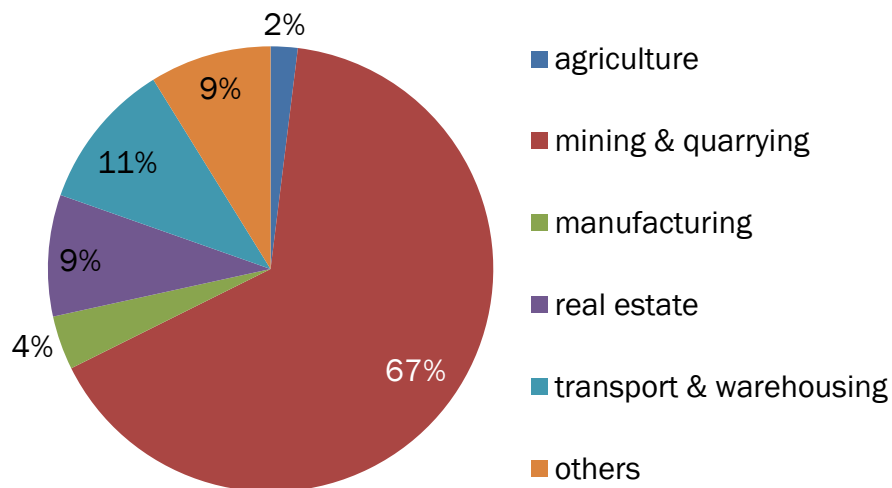
**Portfolio composition**  
Current portfolio €2,674 million



# What are the most attractive industries in Kazakhstan?

Currently most investment goes into mining and quarrying, followed by transport & warehousing and real estate.

Fixed investment by sectors, 2018



We see potential in

## ***Agribusiness:***

- Large and growing food and agriculture industry: 12th largest wheat producer
- Natural compliance with global environmental and food safety requirements - Kazakhstan has one of the lowest levels of chemicals application in crop production

## ***Energy, renewables and natural resources:***

- Encouraging policies backed by feed-in tariffs are expected to increase share of renewables
- Government strategy to extend energy production from renewables (3% in 2020, 10% in 2030, 50% in 2050)
- Natural resources: top 10 world producer of uranium, chrome, zinc, coal and lead