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MAIN INDICATORS OF ECONOMIC COOPERATION BETWEEN KAZAKHSTAN AND AZERBAIJAN

Abstract

This article deals with trade and economic relations between Kazakhstan and Azerbaijan. The main commodity groups of export and import of countries, the volume of trade turnover, as well as changes that occurred during the analyzed period in trade relations between the countries were considered. Maintaining Maritime borders across the Caspian sea, Azerbaijan and Kazakhstan are important Nations for each other. Azerbaijan is seen as a bridge for Kazakhstan to Europe, access to Turkey and Europe, while Kazakhstan offers Azerbaijan routes to Central Asia and China too. Both countries attach great importance to their mutual relations, both bilateral and multilateral within various international organizations.

Keyword: Kazakhstan, Azerbaijan, trade, economy, export, import

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ҚАЗАҚСТАН МЕН ӘЗІРБАЙЖАН АРАСЫНДАҒЫ ЭКОНОМИКАЛЫҚ ҮНТІМАҚТАСТЫҚТЫҢ НЕГІЗГІ КӨРСЕТКІШТЕРІ

Аңдатпа

Бұл мақалада Қазақстан мен Әзірбайжан арасындағы сауда-экономикалық қатынастар қарастырылады. Елдер экспорты мен импортының негізгі тауар топтары, тауар айналымының көлемі, сондай-ақ елдер арасындағы сауда қатынастарында талданып отырған кезеңде болған өзгерістер қаралды. Каспий теңізі, Әзірбайжан және Қазақстан арқылы теңіз шекараларын қолдай отырып, бір-біріне маңызды мемлекеттер болып табылады. Әзірбайжан Қазақстан үшін Еуропаға көпір ретінде қарастырылады, Түркия мен Еуропаға шығу, ал Қазақстан Әзірбайжанға Орталық Азия мен Қытайға маршруттар ұсынады. Екі ел түрлі халықаралық ұйымдар аясындағы екіжақты да, көпжақты да өзара қатынастарға үлкен мән береді.

Түйінді сөздер: Қазақстан, Әзірбайжан, сауда, экономика, экспорт, импорт

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ОСНОВНЫЕ ПОКАЗАТЕЛИ ЭКОНОМИЧЕСКОГО СОТРУДНИЧЕСТВА МЕЖДУ КАЗАХСТАНОМ И АЗЕРБАЙДЖАНОМ

Аннотация

В данной статье рассматриваются торгово-экономические отношения между Казахстаном и Азербайджаном. Рассмотрены основные товарные группы экспорта и импорта стран, объемы товарооборота, а также изменения, произошедшие за анализируемый период в экономических отношениях между странами. Для Казахстана Азербайджан рассматривается как выход в Турцию и Европу, а Казахстан предлагает Азербайджану маршруты в Центральную Азию и Китай. Обе страны придают большое значение как двусторонним, так и многосторонним взаимоотношениям в рамках различных международных организаций.

Ключевые слова: Казахстан, Азербайджан, торговля, экономика, экспорт, импорт

Kazakhstan and Azerbaijan have broad prospects for forming a new direction of cooperation – the transit of energy, grain, and other goods through the territories of our countries using oil pipelines, existing and under construction railway lines, highways, and seaports. The opening of a grain terminal in Baku, designed for 2 million tons of Kazakh wheat, is the beginning of the implementation of specific projects. According to Nursultan Nazarbayev, taking into account the experience of Azerbaijan in the field of oil and gas engineering, there are great prospects for creating joint ventures and productions in this direction. From 1990y. to 2017y., only Azerbaijan and Kazakhstan were able to more than double the real gross domestic product (GDP), and economic activity in these countries increased by 2.6 and 2.03 times, respectively.

On October 22, 1999, the Program of economic cooperation between the Republic of Kazakhstan and the Republic of Azerbaijan was signed, which includes a set of agreed measures for the further development of bilateral cooperation. The program was developed in order to implement article 6 of the Agreement between the Government of the Republic of Kazakhstan and the Government of the Republic of Azerbaijan on deepening economic cooperation, signed in Baku on October 24, 1998, and is aimed at expanding integration and cooperation ties. The main goal of this program is to consistently expand trade and economic ties, introduce scientific and technological progress in the leading sectors of the economy, and meet the spiritual and cultural needs of the peoples of the Republic of Kazakhstan and the Republic of Azerbaijan.

The implementation of the program is aimed at solving the following tasks:

- further development of trade and economic relations on equal and mutually beneficial terms;
- formation of separate interstate projects and programs, creation of joint ventures of various types and forms of ownership, financial and industrial groups, international consortia;
- expansion of cooperation in the field of foreign economic activity;
- interaction on the use of the Europe-Caucasus-Asia transport corridor;
- joint formation of forecast and search models of individual hydrocarbon deposits and geological business cases, as well as their development and development;
- joint study of possible options for transporting hydrocarbons;
- creating conditions for fair competition for economic entities of both States;
- development of long-term cooperation and exchange of experience in the agro-industrial complex, including in the field of mutual supplies of agricultural products.

In 2005y., the volume of trade between Azerbaijan and Kazakhstan increased 5 times compared to 2000y. and reached \$150 million. Currently, there are 21 enterprises operating in Azerbaijan, which also have Kazakh capital. The parties agreed to expand cooperation in the fields of petroleum engineering, petrochemistry, transport, agriculture, scientific and technical, cultural and humanitarian spheres [1].

According to the State statistics Committee of the Republic of Azerbaijan, in 2007y. the country's external trade turnover amounted to \$9 million, including the amount of exports – \$3 million, and imports – \$5,708.6 million. During this period, Azerbaijan has carried out mutually beneficial cooperation in the field of trade with one hundred and thirty-seven countries and the surplus amounted to \$349.7 million. In 2007y., Kazakhstan's share in Azerbaijan's foreign trade turnover was 3%, including 3.89% in exports and 2.1% in imports. It is noteworthy that only for January-September 2008 the total volume of trade between our countries amounted to \$440 million, including imports – \$165.4 million, and exports – \$274.6 million. Compared to the same period in 2007, the total trade turnover between our countries increased by 87.4%, exports – by 139.1%, and imports – by 37.8%. We are glad that the share of Azerbaijan's exports to Kazakhstan is steadily growing. So, compared to 2004y., this amount has increased almost 20 times. Azerbaijan mainly exports to Kazakhstan sea vessels, boats, floating structures, petroleum products, products made of ferrous metal, and imports cereals, sprouted wheat, ground rice, ferrous metal and products made from it, sulfur, natural sand, barium sulfate, and other minerals.

Table 1

Trade indicators of Kazakhstan's foreign trade with Azerbaijan, million USD

Indicator	2008y.	2009y.	2010y.	2011y.	2012y.
Trade turnover between Kazakhstan and Azerbaijan	465,6	237,0	444,7	299,4	390,7
<i>Share of trade turnover with Azerbaijan in the total turnover of the Republic of Kazakhstan</i>	<i>0,43%</i>	<i>0,33%</i>	<i>0,49%</i>	<i>0,24%</i>	<i>0,29%</i>
<i>Including</i>					
Export from Kazakhstan to Azerbaijan	208,9	91,5	342,0	237,6	349,1
<i>Share in total exports of the Republic of Kazakhstan (%)</i>	<i>0,29%</i>	<i>0,21%</i>	<i>0,57%</i>	<i>0,27%</i>	<i>0,38%</i>
Import from Kazakhstan to Azerbaijan	256,7	145,4	102,6	61,8	41,6
<i>Share in total imports of the Republic of Kazakhstan (%)</i>	<i>0,68%</i>	<i>0,51%</i>	<i>0,33%</i>	<i>0,17%</i>	<i>0,09%</i>
Trade balance of Kazakhstan with Azerbaijan	-47,9	-53,9	239,4	175,8	307,5

Source: KAZNEX INVEST according to the customs control Committee of the Ministry of Finance of RK (CCC MF RK next) [2]

The foreign trade turnover between Kazakhstan and Azerbaijan in 2012y. amounted to \$390.7 million. Exports from Kazakhstan increased by 47% to \$349.1 million compared to 2011y., while imports from Azerbaijan decreased by 33% to \$ 41.6 million. The trade balance was us \$307.5 million.

Kazakhstan's exports to Azerbaijan in the period from 2008-2012yy. had unstable growth dynamics. The volume of exports of Kazakh products to Azerbaijan in 2012y. increased by 67% compared to 2008y. - from \$208.9 million to \$349.1 million. A decrease in export deliveries was noted in 2009y. by 56.2% compared to the previous year in 2008y. and in 2011y. by 30.5% compared to 2010y.

In 2012y., exports of processed products increased compared to 2008y. by 16.8% to \$ 87.1 million. Compared to 2011y., there was a decrease of 20.8%. The volume of exports of raw materials in 2012y. amounted from \$134.3 million to \$262 million [3].

As part of processed products in 2012y., products of the commodity groups "Machines, equipment, devices and apparatuses" and "metals and products made from Them" were exported mainly, which accounted for 87.9% of Kazakhstan's processed exports to Azerbaijan. Exports of machine-building products increased in comparison with 2008y. More than the world Cup in three times and amounted to \$42.5 million in 2012y. Exports were dominated by marine vessels (61.8%), measuring instruments (10.5%), tugs and pushers (8.2%), etc.

Export of chemical products in 2012y. compared to 2008y., it has not changed, but compared to 2011y., it fell by 38.5% and cost us \$7.5 million. Exported fertilizers (47.5 percent), plate, sheet, medicaments (3.8%) and etc.

Exports of animal and plant products totaled \$2 million, down from 2008y. by 66.1% and 73% compared to 2011y. Exports were dominated by confectionery (50%), frozen fish (18.3%), and chocolate (17.7%). Wheat and meslin (84.3%), as well as waste and scrap of ferrous metals (11.6%) were exported from Kazakhstan's raw materials to Azerbaijan.

The volume of exported products from Azerbaijan to Kazakhstan in 2012y. amounted to \$41.6 million, compared to 2008y., and decreased by 83.8% compared to 2011y., the decrease was 32.7%.

In the structure of imported processed products in 2012y. are animal and vegetable products, metals and products made from them, and textiles and textile products predominate. These three commodity groups account for 61.7% of Kazakhstan's processed imports from Azerbaijan.

Import of animal and vegetable products in 2012y. amounted to \$11.6 million or 27.9% of all imports of processed products. Compared to 2008y., imports increased almost 6 times. Mainly imported sugar cane or beet (95.4%).

Imports of metallurgical products increased compared to 2011y. In 2009-2010yy., there was a sharp decrease in import volumes by 58.3% and 98.2%, respectively, due to a decrease in imports of ferrous metal structures. In import 2012y. prevailed pipes and tubes, ferrous metals (by 5.4%) rods and profiles aluminum (4,8%), etc.

In 2012y., imports of textiles and textile products increased compared to 2008y. by \$5.7 million or 12.4 times and amounted to \$6.2 million. Bags and packages were Imported (86.8%), fabrics made of synthetic threads (4.7%) etc. In 2012y., imports of machinery, equipment, devices and apparatus totaled us \$5.4 million, including liquid pumps (67%), distilling and rectification devices (18.4%), and so on. In the import of raw products, almost the entire volume is accounted for by products of plant origin (apples, pears, peaches, etc.) [4].

Kazakhstan has a good export potential, as evidenced by the data of 2012y., showing the presence of the fact of Kazakhstan's export to the world for many import items of Azerbaijan. According to the selected 69 potential positions, Azerbaijan's imports in 2012y. amounted to \$1.6 billion, Kazakhstan's world exports for these positions amounted to just over \$730 million, and Kazakhstan's exports to Azerbaijan – only \$11 million. For all potential commodity items, Azerbaijan is a net importer, i.e. imports exceed exports, and for most of these items, there has been a positive increase in imports over the last five-year period, both in value and in physical terms.

During the period from 2013y. to 2017y., the trade turnover between Azerbaijan and Kazakhstan decreased from \$438 to \$140 million or 68.04 %, exports decreased from \$364 to \$106 million or 70.88%, imports also decreased from \$74 million to \$34 million or 54.06%. The trade balance from 2013y. to 2017y. also showed a decrease from \$291 to \$72 million.

Table 2.

General indicators of trade between Kazakhstan and Azerbaijan USD million

Indicator	2013y.	2014y.	2015y.	2016y.	2017y.
Turnover	438	252	126	137	140
Export	364	220	110	106	106
Import	74	32	16	30	34
Saldo	291	188	94	76	72

Source: KAZNEX INVEST according to CPC MF RK [5]

Kazakhstan exports to Azerbaijan products of crop and livestock production, metallurgical industry, production of coke and petroleum products, mining industry, production of machinery and equipment, and others. For the main exported goods, there is a decrease in the following industries:

- crop and livestock production—from us \$253.8 to us \$14 million
- metallurgical industry—from \$43 to \$23.1 million
- production of coke and refined products—from \$13.9 to \$45.4 million

- mining industry-from us \$12.4 million to \$5.7 million

Export growth has been observed in the following industries from 2013y. to 2017y.:

- production of other vehicles-from \$8.5 to \$24.2 million

As part of the analysis of trade turnover between the two countries, the most exported goods from the Republic of Kazakhstan to Azerbaijan were identified. So from 2016-2017, the following types of products showed the highest volume of exports with growth:

- oil and petroleum products, with an increase from us \$ 854.3 to us \$ 1095.9 million
- cruise, sightseeing, ferries, cargo vessels, barges and similar floating vehicles for the transport of passengers or cargo with an export growth of us \$ 826.6 million to us \$ 1026.7 million
- flat rolled products made of iron or non-alloy steel from \$506.1 to \$870.9 million
- wheat and meslin from \$580.4 to \$858.6 million
- railway locomotives from us \$345.2 million to us \$458 million.

Kazakhstan imports products from Azerbaijan in the following industries – food production, metallurgy, crop and livestock production, and others. The largest increase in imports from 2013y. to 2017y. from Azerbaijan to Kazakhstan was shown by the following industries:

- metallurgical industry - from \$12 to \$13.2 million
- chemical industry - from \$0.4 to \$1.2 million.

The most imported product items in the period from 2016y. to 2017y. include the following products:

- pipes, tubes and profiles, hollow, seamless, made of ferrous metals with an increase in imports from \$2.2 to \$10.2 million
- bags and packages with an increase from \$1 to \$2.6 million
- other pipes and tubes with an increase from \$0 to \$2.3 million.

In 2017y., the Kazakhstan-Azerbaijan intergovernmental Commission adopted a roadmap for trade and economic cooperation for 2018-2020. Its implementation has already led to a significant increase in trade between the two countries. In the first half of 2018y., the trade turnover between Kazakhstan and Azerbaijan increased by 56% compared to the same period last year. In absolute terms, for the whole of 2017y., the trade turnover between the countries amounted to \$142.1million, and for the first 7 months of 2018y. - \$142 million. For comparison, the trade turnover between Kazakhstan and Georgia in the same period amounted to about 40 million dollars, and between Kazakhstan and Armenia - about 6 million dollars [6].

The trade turnover between Kazakhstan and Azerbaijan more than doubled from January to June 2018y. and amounted to us \$ 116.48 million. In the first half of 2018y. the total trade turnover between the two countries compared to the corresponding period of 2017y., the year has increased by 56%. So, if the volume of trade turnover in 2017y. amounted to \$142 million, then in the six months of this year, this figure has already reached \$117 million. In January-June 2018y., the volume of trade turnover amounted to \$116.48 million, including the volume of imports - \$93.43 million, the volume of exports - \$23.05 million. Compared to the same period last year, this shows an increase in total trade turnover by 56.4%, including exports – by 67.6%, and imports – by 53.8%.

The growth in imports was mainly due to fuel, crude oil and grain, and in exports – ferrous metal, jet kerosene fuel, machinery, electrical equipment, textiles, etc. Currently, Kazakhstan exports grain, ferrous metal, locomotives, equipment for railway infrastructure, fuel, some types of industrial products and oil equipment, metal structures, agricultural products and food to Azerbaijan.

In turn, Kazakhstan imports from Azerbaijan ferrous metal products, jet kerosene fuel, machinery, lamps and lighting equipment, industrial equipment, orthopedic devices, spare parts for aircraft and cars, and textiles.

The trade turnover between the two countries in 2019y. increased by 55.4% and amounted to about \$221 million. Kazakhstan exported \$ 124 million worth of products to Azerbaijan, an increase of 33 percent, while entering the top 15 main importers of Azerbaijan. Of these, \$57 million is accounted for wheat, with the remaining amount being purchased for other cereals.

In particular, Azerbaijan ordered 50 electric locomotives at the plant of "Elektrovozkurastyru зауыты" LLP, which was built in Astana with the participation of the French company "Alstom". The total amount of the order is 288 million euros. In turn, the Ministry of economy of Azerbaijan plans to open trading houses in a number of cities of Kazakhstan, since Azerbaijani enterprises, especially light industry, produce high-quality and competitive products.

According to statistical data of the State customs Committee of Azerbaijan, the trade turnover between Kazakhstan and Azerbaijan in 2019. it amounted to 229.6 million dollars. It is noted that the volume of exports of Azerbaijani products exceeded 24 million dollars, while imports of Kazakh products to Azerbaijan exceeded 205 million dollars [7].

According to the state customs Committee of the Republic of Armenia, at the end of 2019, the bilateral trade turnover amounted to \$229.60 million, which is 4.1% or \$9.06 million more than in 2018y. At the same time, Kazakhstan's exports amounted to \$205.57 million (an increase of 18% or \$31.43 million), imports from Azerbaijan to Kazakhstan – \$24.02 million (a decline of 48.2% or \$22.38 million). During this period, a positive balance was formed in the amount of \$181.55 million, which is 42.1% or \$53.81 million more than in 2018y.

Kazakhstan and Azerbaijan are making great efforts to modernize and develop transit and transport potential and logistics, including the Caucasus route. Two countries play an important role in the delivery of goods on the route Asia-Europe and back.

Close cooperation is being carried out within the framework of the established coordinating Committee for the development of the TRANS-Caspian international transport route (TMTM).

According to the representative office of JSC " NC " KTZ " in AR, in January-November 2019y., the volume of cargo transportation amounted to 1236.1 thousand tons, a decrease of 121.3 thousand tons or 9% compared to the same period in 2018y. Exports to Azerbaijan during this period decreased by 45.5 thousand tons or by 13% due to a decrease in shipments of barite concentrate and petroleum products. Imports to / through Azerbaijan decreased by 11.8 thousand tons or 4% due to a decrease in the transportation of ferrous metals, meat and offal.

Transit traffic for this period amounted to 149.7 thousand tons, an increase of 86.4 thousand tons or 119%, due to the growth of food cargo to the Central Asian countries [8].

Conclusion

After the restoration of independence, the first post-Soviet Turkic-speaking Republic with which the Republic of Azerbaijan established bilateral political relations was the Republic of Kazakhstan (the Supreme Soviet of the Kazakh SSR adopted a Declaration of "State independence" in its XXII session on October 25, 1991, and on December 16, 1991, the President of Kazakhstan signed a decree on Sovereignty. This day is considered the independence day of Kazakhstan. The creation of direct independent relations between these two fraternal States dates back to the time of the Soviet Union.

September 30-October 2, 1991 the representative body of the Azerbaijan SSR paid an official visit to the Kazakh SSR. The purpose of this visit was to preserve, create and develop relations in accordance with the new historical conditions. To this end, on October 1, as a result of negotiations between the representative body of Azerbaijan and officials of Kazakhstan, bilateral agreements "on friendship, cooperation and good-neighborliness between Kazakhstan and Azerbaijan" and an agreement on the principles of trade and economic relations between the two States were signed. Despite the ratification documents of the agreements by the National Council of the Republic of Azerbaijan, Kazakhstan did not confirm the first agreement. More precisely, this agreement was liquidated. And the second agreement, despite being on the same trade and economic space and on mutual economic dependence, was the only document regulating relations between the two fraternal States until 1996, i.e. before the signing of agreements during the official visit of N. Nazarbayev to Azerbaijan.

Diplomatic relations between the two countries were established on August 30, 1992. The Embassy of the Republic of Kazakhstan in the Republic of Azerbaijan started its activity on January 9, 1993, and the Embassy of the Republic of Azerbaijan in the Republic of Kazakhstan - on March 1, 2004. Rashad Mammadov, Ambassador of Azerbaijan to the Republic of Kazakhstan. The Consulate General of the Republic of Azerbaijan in Aktau was opened on September 6, 2008.

The Foundation of such cooperation is both the traditionally friendly ties between our peoples and the understanding that sovereign States can only solve national problems by strengthening regional cooperation. There have been regular contacts between Kazakhstan and Azerbaijan at the highest level, as well as at the level of governments and their structures.

In foreign policy relations, Azerbaijan supports Kazakhstan's candidacy for the OSCE chairmanship in 2010. Kazakhstan and Azerbaijan actively cooperate within the UN and OSCE, CIS, ECO, and OIC. In turn, Kazakhstan expresses its gratitude for Azerbaijan's support of our Republic's bid for the OSCE chairmanship, the convening of the CICA and economic forums held in Kazakhstan. Within the framework of bilateral cooperation, Kazakhstan and Azerbaijan actively cooperate in the supply of industrial and agricultural products, establish cooperative relations in the fields of oil and gas engineering, chemistry and petrochemistry, transport, fuel and energy complex, processing of agricultural products, environmental protection, etc.

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