

**Remarks by Deputy Minister of Foreign Affairs  
of the Republic of Kazakhstan Roman Vassilenko  
at a meeting of the Berlin Eurasian Club  
(4<sup>th</sup> October 2017, Brussels)**

Exactly four months from now, we will be celebrating the 25<sup>th</sup> anniversary of diplomatic relations between Kazakhstan and our largest political and economic partner, the European Union. During these years we have covered a long and productive road. Today, our relations are distinguished by active and regular political dialogue, mutual visits at various levels, and valuable trade and investment.

We have established a strong dialogue on trade, energy, transport, environmental protection, customs cooperation, justice, human rights, and international and regional security.

We have also created several operational mechanisms that benefit our cooperation.

In December 2015, we signed a new Enhanced Partnership and Cooperation Agreement between Kazakhstan, the EU and its member states. Kazakhstan became the first CIS country to sign an agreement of this kind with the European Union. The Agreement has started to provisionally apply since 1<sup>st</sup> May 2016.

I am happy to report that the EPCA ratification process is proceeding at an exceedingly rapid pace. Only a year and a half since the signing, the document has already been ratified by 16 EU member states. In comparison, it took four years to wholly ratify the previous Partnership and Cooperation Agreement between Kazakhstan and the EU, signed in 1995, and the entire European Union at that time was only comprised of 15 states.

This demonstrates the EU member states' clear interest in further developing cooperation with our country, by creating a strong, updated legal framework, which recognizes the competitive global environment and our collective economic and geopolitical interests.

The Agreement significantly expands the horizons of our interaction and offers new opportunities for cooperation between Kazakhstan and the EU.

One of the most important and extensive components of the new Agreement is its economic impact.

We make it no secret that the EU is and remains our principal and largest trading partner. In 2016, trade with EU countries amounted to **\$24.1 billion**. This, in turn, accounted for **39.1%** of the total trade turnover of Kazakhstan.

Unfortunately, due to the decrease in the value of Kazakh exports in the global market in 2016, the foreign trade turnover between Kazakhstan and the EU decreased by 23%, when compared to 2015.

Nevertheless, we have already witnessed a positive trend in 2017. In the first half of the year, turnover with EU countries increased by 27% compared to the same period last year.

I believe this is due to an increase in prices for exports and an improved market situation, as well as a positive effect of the gradual implementation of the new EPCA.

The European Union is also the largest investor in the Republic of Kazakhstan. Total foreign direct investment from the European Union reached \$10.8 billion in 2016, which is just over 50% of the total amount, or \$21 billion, that year. This is an unprecedented total.

Our economy received a total of \$263.58 billion in foreign direct investment (FDI) from 2005 to 2016, of which \$119.9 billion, or 45.5%, came from the European Union.

Kazakhstan has created an enabling environment for EU entrepreneurs to open and run businesses. A number of large investment projects have been implemented in various industries over the past few years.

To date, more than 6,000 economic entities funded with European capital have been registered in Kazakhstan, including joint ventures and representative offices of companies and financial institutions.

With advanced technologies and modern innovations, European companies have the opportunity to participate in specific projects in Kazakhstan, implemented as part of the country's modernization drive.

We greatly appreciate the active investment of European countries. A significant factor that has increased Kazakhstan's attractiveness for European business is the favourable investment climate in our country.

This is proved by the fact that Kazakhstan was called the best reformer for the fourth time in the last 12 years, and was ranked 35<sup>th</sup> in the World Bank's 2017 Doing Business ranking, ahead of OECD countries such as Belgium (42<sup>nd</sup>), Italy (50<sup>th</sup>), Israel (52<sup>nd</sup>), Greece (61<sup>st</sup>), Turkey (69<sup>th</sup>).

We value the trusting relationship between our states and intend to continue working to actively improve our investment climate.

Alongside this, Kazakhstan is also interested in progressing our cooperation with the European Union in the **energy** sector. Throughout the years, our country has proved to be a reliable and responsible energy partner of the EU, and has since become one of the five largest energy suppliers to Europe.

In this context, one of the important areas of our cooperation was the Astana EXPO 2017 International Exhibition, under the subject of "Future Energy", which attracted almost four million visitors and ended on a successful note less than a month ago.

I would like to take this opportunity to once again thank the representatives of the European Union, as well as the EU member states themselves, for their active participation in EXPO. It was gratifying to see the participation of more than 20 European countries and it was even more gratifying to see that pavilions of such European countries as the Czech Republic, Finland, France, Germany, Hungary, Latvia, Monaco, Poland, Slovakia, Switzerland, and the United Kingdom receiving well deserved awards for their pavilions from the Bureau of International Exhibitions. With your extensive experience in exploiting new energy sources, as well as a number of innovative and technological capabilities, European countries made an undoubtedly significant contribution to the exhibition and our common search for solutions to this important challenge of providing environmentally sustainable use of energy sources.

I would now like to turn to more substantive issues and briefly outline some of the other facets of our new Agreement. First of all, this includes the development of trade in goods and services.

In particular, the Agreement includes a chapter focused on strengthening cooperation in the regulation of technical barriers to trade and ensuring transparency.

This chapter seeks to minimize existing disparities in technical regulation, legal metrology, standardization, conformity assessment, accreditation, and market surveillance. It also envisages our coordination in technical regulations, standards and procedures.

A benefit of this chapter's application would be the possibility to negotiate agreements on conformity assessment and the recognition of industrial products, in areas where standardization has been achieved. At the same time, the results of the conformity assessment would be mutually recognized.

The customs cooperation chapter will determine the areas of customs interactions. These include collaboration in establishing advanced customs procedures, and improving customs legislation and customs operations in accordance with international standards.

The Protocol on mutual administrative assistance in customs matters, which is part of the Agreement, stipulates mutual obligations that will positively affect the activities of our customs bodies, as these obligations determine binding conditions for cooperation between the customs authorities of Kazakhstan and the European Union. The establishment of clear rules will speed up the customs clearance of goods, both for exporters and importers.

A separate chapter of the Agreement is devoted to free competition, and compliance with its principles. It intends to ensure transparency in the provision of industrial subsidies, through the exchange of information every two years about the legal framework for subsidizing, including the objectives of subsidies, their duration, form and, where possible, the amount and the recipients.

It should also be noted that the Agreement of 1995 did not have a separate chapter for competition, and competition regulations were sporadically mentioned

Government procurement arrangements are important provisions in the new Agreement. It is crucial to underline that the 1995 Agreement also did not contain a separate chapter on public procurement. The arrangements of the Parties were limited to a framework provision that only provided for cooperation “in creating conditions for open and competitive provision of contracts on goods and services, in particular, through the announcement of tenders.”

In this regard, the new Agreement brings our public procurement cooperation with the European Union to a more integrated level. The relevant chapter regulates procurement for state purposes, rather than for the purposes of commercial sale and resale. It stipulates that procurement can be made both in electronic and paper format, except for the auction, which must be carried out in electronic format.

The chapter is also about non-discrimination, and has a number of other provisions aimed at promoting competition and transparency in the public procurement process.

In essence, it is an equivalent to the WTO Agreement on Government Procurement (GPA), which is not mandatory for accession to the WTO. The main principle of this Agreement is the provision of a national treatment to foreign suppliers in public procurement.

As part of its accession to the WTO, Kazakhstan has accepted an obligation to initiate negotiations on accession to the GPA within 4 years of joining the Organization. Thus, all the provisions of this chapter of EPCA represent the WTO-plus regime for Kazakhstan.

The national treatment principle and the basic approaches envisaged by this chapter, as well as the agreements reached – including those on price thresholds and transition periods – allow both Kazakhstan’s and European suppliers to enter the relevant public procurement markets on the basis of non-discriminatory, transparent and predictable terms.

I am glad that the parties have already started to implement the “trade and economic package” of the Agreement, such as its “Trade and Business” title.

Adjustment of technical regulations, further simplification of trade

intellectual property issues, are being tackled. Negotiations are underway for Kazakhstan's accession to certain WTO trade agreements, designed to boost further liberalization of trade with European partners.

### **Distinguished participants of the conference!**

In addition to the aforementioned, EPCA sets the legal framework for cooperation in areas that were not provided for in the 1995 Agreement. These include security in space, countering the proliferation of weapons of mass destruction, combating terrorism, civil service cooperation, climate change, healthcare, public finance management, and taxation, among others.

A remarkable achievement was the arrangement on the potential concurrent preparation of an agreement on visa facilitation, for the citizens of the Republic of Kazakhstan and the EU, along with an agreement on readmission between the Kazakhstan and the EU. Currently, we have a very extensive dialogue going on with our European partners on these matters.

Additionally, cooperation in human rights and freedoms, democratization and the rule of law, sustainable development, and strengthening the role of civil society, are all significant in the Agreement.

Generally speaking, the implementation of this historic document will mark a new stage in our bilateral partnership, and will considerably expand the horizons of collaboration, whilst opening up new opportunities.

Both parties pin great hopes on the new Agreement. We expect that its proper implementation will significantly increase the volume of trade, primarily through the sale of high-tech products, as well as generate new opportunities for economic growth and job creation.

I would like to conclude my speech with quoting of one of the founders of the European Union, Federal Chancellor of Germany Konrad Adenauer who said, "When the world seems large and complex, we need to remember that great world ideals all began in some home neighborhood".

Kazakhstan and the European Union are close neighbours and good friends. Our relations demonstrate huge potential which is ensured by

relations we will mutually enrich ourselves economically and culturally as well as jointly contribute to building of the civilized world.

**Thank you for attention!**