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TURKISH – KAZACH RELATIONS SINCE THE COLLAPSE OF SOVIET UNION: THE ECONOMICAL DIMENSION OF BILATERAL RELATIONS

Summary

In the paper, economic relations between Turkey and Kazakhstan are analysed. The study period includes the modern era since Kazakhstan has gained its independence. In the first part general overview of Kazakhstan is explained. In the second part diplomatic relations, as well as cultural, educational and military relations are described. The third part, which is the main topic and the aim of this study, contains all sides of economic relations between Turkey and Kazakhstan as trade relations: export – import; Turkish companies’ investment in Kazakhstan; the obstacles that Turkish investors, businessmen and entrepreneurs are facing; the role of business associations in strengthening the bilateral economic relations is defined, and also bilateral economic relations through international organisations are identified.

Key words: Economy, Investment, Turkey, Kazakhstan, Trade, Commerce.

JEL codes: B27, F02, F5

Introduction

The early 90-s of the XX century became a symbol of the collapse of the bipolar world order. In this period the international relations have entered to a fundamentally new phase in its development. The new conditions opened up unprecedented opportunities to many countries in terms of foreign political and economic activities. During the long period of time all the countries were forced to have a side between the interests of the two superpowers and blocks. The development of the Asian countries since the new order has started entered to an extremely new stage rather than other continents. Many of the countries of the Asian continent, with their powerful economic potential, enormous labor and natural resources, have come to play an increasingly important role not only in regional affairs, but also have a significant influence on the geopolitical processes on a global scale.
Being transcontinental countries, but located mostly in Asia both Turkey and Kazakhstan are the rapidly emerging countries. Turkey is one of the most influential players in Asia, while Kazakhstan is enjoying of being a fast growing economy among former Soviet Union states. The bilateral cooperation between Turkey and Kazakhstan is, undoubtedly, consistent with the national interests of both countries, objectively strengthens their international position and contributes to the success of economic performance.

The aim of this study is to analyze the economic relations between Turkey and Kazakhstan since 1991. According to our aim following objectives were defined:
1) Describe the economic potential of Kazakhstan;
2) Study the evolution of the Kazakh-Turkish relations in terms of politics;
4) Using specific examples of cooperation to show the process of development of economic relations between the two countries during the study period; and
5) Define the achievements and problems in economic bilateral relations of Turkey and Kazakhstan.

**Economic potential of Kazakhstan**

**Kazakhstan: General Information**

Kazakhstan is located in the heart of the Eurasian continent and the biggest country in Central Asia, the territory of which is 2 724 900 square kilometers. Kazakhstan is the 9th largest in the world, after Russia, China, USA, Argentina, Brazil, Canada, India and Australia; the territory of the country surrounds 13% of the whole Commonwealth of Independent States (CIS) and is the second biggest among the CIS countries, after Russia (Solak 2003). Kazakhstan is 5 times bigger than France and 3.5 times bigger than Turkey (Ibid.) and in total the territory of Kazakhstan can cover more than 12 countries of the European Union.

Kazakhstan borders China (1460 km) to the east, Kyrgyzstan (980 km), Turkmenistan (380 km) and Uzbekistan (2300 km) to the south, with the Russian Federation (6467 km) to the north, and Caspian Sea to the west. The total length of the borders is 12 187 km. Its territory extends from the lower stream of the Volga in the west to the foothills of the Altai Mountains in the east – 3000 km, and spanning two time zones, from West Siberian lowlands in the north to the Kyzyl Kum desert and mountains of Tien Shan in the south – 2000 km.
Economic Potential

The collapse of the Soviet Union and the collapse of the centrally planned economy, in early years of independence Kazakhstan suffered from the dependence of Russia. Major economic changes during years of independence were the transition from central planning to a market economy. In recent years, Kazakhstan’s economy has started to recover quickly and develop.

Growth

Kazakhstan’s growing oil exports, due to economic reforms and foreign investments in the energy sector the country’s economy has achieved high growth rates. In 2012, the GDP grew by 8.4% and reached 190.6 billion USD. With these figures of Kazakhstan is among the world’s 50 economies. Kazakhstan Government estimates the Gross National Product (GNP) in 2015 to reach 300 billion USD.

Rapid economic growth positively affected to the standard of living of the Kazakh people. In 1992, GDP per capita in Kazakhstan was 500 USD, and this figure at the end of the year 2012 amounted to 12 thousand USD. Kazakh Government’s target of GDP per capita in 2015 is to increase up to 15,000 USD. Kazakhstan has currently the highest GDP per capita and highest monthly fees among the CIS countries.

Foreign investments

Kazakhstan, by showing the rapid economic development, in 2002 in the category “investment grade” by international rating agencies was rated as the distinction of being the first CIS countries. Kazakhstan, since the independence, successfully has attracted foreign investors in the areas of oil and natural gas (40%), energy and mineral reserves, construction, transport and communication sectors, for about 160 billion USD.

Inflation

In November 1993, the Government of Kazakhstan adopted its own currency – Tenge. Achieved independence of the Central Bank has started to implement monetary policy. Despite the control of Kazakhstan’s Central Bank the public sector due to wage increase, high income in oil related sectors, and high increases in bank loans is creating inflationary pressures. However, in 2011, the inflation rate was 7.4% of annual average, and in 2012 was 4.9%.
Foreign trade

The majority of production taking place in Kazakhstan is concentrated in oil and gas industry, the capital (investment) and consumer goods production does not meet demand. Therefore, the Kazakh economy is highly dependent on imports. Kazakhstan’s main export commodities are oil and petroleum products (60%), metals, chemicals, machinery, grain, wool, meat, coal. Most imported materials are the machinery and equipment, auto and auto parts (45%), minerals (14%), metals (13%), chemicals, drugs (10%), and food (7%).

Kazakhstan according to the statement, made by the Customs Control Agency, the foreign trade volume in 2001 made 16.6 billion USD, and in 2012 reached to 41.2 billion USD. The export increased showing a 12% of growth in in 2012, compared to 2011, by making 77.38 billion USD, while the import declined up to 2.3% and decreased to 36.18 billion USD. Kazakhstan’s 14.6% of exports and 46.7% of imports are made with the CIS countries. Kazakhstan’s the largest foreign trade partner is Russia. And also foreign economic relations with China, European countries, USA, Korea and Turkey are strong.

Major sectors

In 2000s, Kazakhstan’s industrial sector, largely thanks to the developments in the oil sector gained momentum again and with a share of 33% in GDP of Kazakhstan has become the most important sector of the economy. Mining is the second most important industry of Kazakh economy. The country’s construction sector and building materials in terms of the energy sector is dependent on imports, and therefore are developed in parallel with developments in the oil industry in particular. Transport sector is in a large extent based on the railways and airlines, which in recent years gained importance. In addition, the service sector is one of the most rapidly developing sectors. Kazakhstan has the most robust banking system in Central Asia and in CIS as a whole. Despite the fact that the agricultural sector employs about 25% of the entire workforce, due to the lack of investment the share in GDP from 35% in 1990, decreased to 5% in 2011.

Reforms

In the CIS countries, Kazakhstan is one of the most successful reformers. Undertaken after independence, financial, administrative, social and economic reforms started to give its fruits as particularly after 1998. The reforms implemented in Kazakhstan’s economic expansion, as well as the facilitation and acceleration of the free market economy has been instrumental in strengthening the country. With the preparation of “Kazachstan-2030” development projects
in economic area started to occur visible improvements. By conducting an interventionist strategies on economic policy the Kazakh Government aimed to diversify its economy by using oil revenues, and break the over reliance on global oil price. For this purpose, described in 2003 and covering the period until 2015 “Innovative Industrial Development Program” targeted to keep GDP growth over 8% and the diversification of the economy. Within the program, tourism, oil and gas equipment, food, textile, transport and logistics sectors identified as priority sectors; and started using new technologies to develop and implement the projects in these areas. Kazakhstan aiming to develop those sectors established five new state institutions including Investment Fund and the National Innovation Fund. However, the emphasis is on the development of the private sector. Currently, private sectors’ share in GDP is 65%, while the share in total employment is 75%.

**Turkey and Kazakhstan: diplomatic relations**

Turkey was the first country to recognize the independence of the Central Asian countries. These states are close to Turkey in terms of history and religion, ethnicity and linguistic relations. That is why; the newly emerged states issue occupied an important agenda for Turkish foreign policy decision makers (Aslan 2012, p. 221). This situation opened to Ankara a tempting prospect to lead a conglomeration of ethnically related countries. Turkey has started to develop its new identity as the leader of the Turkic community, as Idris Bal mentions, under the emotional quote – “Turkish world from Adriatic sea to Great Wall of China” (Aslan 2012, p. 221; ed. Bal 2004, pp. 365-378).

Turkey is the first country to recognize Kazakhstan’s independence in 1991, but the relations between two nations have deep roots of being used to be the parts of a big family and sharing the same territory until XI century, when the ancestors of today’s Turks living in Turkey moved to Middle East and created “second Turan” (Bitsilli 1996) – The Ottoman Empire. The first official diplomatic relations started between Kazakh Han and Ottoman Sultan in 1713 (Andican 2009, p. 191).

However, being separated by historical circumstances due to which the connection with each other had been lost. Since the late XX century the peoples of Kazakhstan and Turkey have gained the opportunity to restore the broken relationship, to establish multilateral contacts at all levels, in all areas of cooperation. Though, the first steps of the relations in modern stage started prior to breakdown of Soviet Union. In March, 1991 Turkey and Kazakhstan signed an Agreement on Cooperation in political, trade-economic, scientific-technical, ecological, cultural, social, communication and in other areas (Tokayev 1997, p. 509).

In September, 1991 the Presidents of Kazakhstan and Turkey signed the Declaration containing the principles and objectives of bilateral relations. In
In this context, the principles of friendly relations were emphasized based on the objectives of international documents (Satpayev 2001, pp. 113-126). The President of Kazakhstan Nursultan Nazarbaev during his visit to Turkey at the same year defined “XXI century as “Turks’ Century” (Aydın 2005).

On March 2, 1992 the diplomatic relations were established and in the same year – the Embassies of both countries were opened in Kazakhstan and Turkey. Since 1999, The Consulate also started to function (since 2002 – The Consulate General) of Kazakhstan in Istanbul. Nowadays, Kazakhstan has 9 representations in Turkey. These representations include an embassy in Ankara consulates in Adana, Antakya, Antalya, Bursa, Istanbul, Izmir, Kayseri, and Nevsehir (Embassy of Turkey in Astana n.d.). The Turkish Embassy in Almaty was opened in March 1992 (Relations between Turkey and Kazakhstan n.d.) and in 2008, Turkish Embassy was moved from Almaty to Astana (Aslan 2012, p. 224). In addition to the embassy in Astana, Turkey also has a consulate general in Almaty (Embassy of Turkey in Astana n.d.).

In 1993 the Prime Minister of Turkey Turgut Ozal visitied Kazakhstan and, year later, in 1994 the President of Kazakhstan Nursultan Nazarbaev made his next visit to Turkey. During these meetings by the Heads of the countries the development and expansion of mutual relations in economy, politics, culture and in other areas were confirmed; and Agreement on Friendship and Cooperation was signed.

New impetus to relations between the Republic of Kazakhstan and the Republic of Turkey received after the statements of the leaders of the development of the strategic partnership between Astana and Ankara. The initiative was announced during the official visit of President Nursultan Nazarbayev to Turkey in May, 2003 and was confirmed during the bilateral meetings between The President of Kazakhstan Nursultan Nazarbayev and The President Ahmet Necdet Sezer at the NATO summit in Istanbul in June, 2004.

Turkey, in order to provide closer relations and to concrete these relations with a strategic partnership agreement accelerate her relations with friend and brother state Kazakhstan and Turkish Prime Minister in order to hold talks in details with Kazakh officials headed to Astana in the May of 2005 (Aslan 2012, p. 224).

The cooperation is also based on the expansion of inter-parliamentary relations. Thus, in the legislatures of the two countries parliamentary friendship groups has been activated. From 31 January to 3 February 2006, was held the official visit to Turkey of the delegation of the Majilis of the Parliament of Kazakhstan headed by the Chairman of the U. Mukhamedzhanov. On 27-29 September, 2012, Grand National Assembly of Turkey (Parliament) Speaker Cemil Cicek paid an official visit to the Republic of Kazakhstan. During these official meetings the past experience and future perspective of bilateral
cooperation in Parliamentary level have been discussed (The Embassy of The Republic of Kazakhstan n.d.).

At the following visit of President Nazarbayev, which took place in 2009 to Turkey, as a consequence of long time endeavors, both states agreed to sign a strategic partnership treaty, thus Kazakhstan became the first Central Asian Turkic state with whom Turkish Republic signed such agreement (Aslan 2012, p. 224; Relations between Turkey and Kazakhstan n.d.). Another considerable step to closer cooperation was signing an Agreement of Cooperation in the field of science and technology, education, economy, environmental protection and tourism development.

On 23-26 May, 2010, The President of the Republic of Turkey Abdullah Gül paid an official visit to Kazakhstan. During his visit he participated along with the President Nursultan Nazarbayev in the opening ceremony of Turkish Academy in Astana. The Academy is intended to give service as a cultural and scientific center. At the same time, the Turkish Academy will carry out the projects on history and ethnography of Turkic nations.

Meeting of two Presidents continued in the framework of the III Summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA), held on June 7, 2010; the celebration of “The Day of the city” in Astana on 6 July, 2010; and on the X Summit of Turkic-speaking countries, which took place on September 16, 2010 in Istanbul. President Abdullah Gul attended the OSCE Summit held on December 1-2, 2010 in Astana. On August 2-4, 2011 the Minister of Foreign Affairs of the Republic of Kazakhstan Y. Kazykhanov paid an official visit to Turkey, during which he met with the President of Turkey Abdullah Gul and Speaker of the Grand National Assembly of Turkey Cemil Cicek, and held talks with the Minister of Foreign Affairs of the Republic of Turkey Ahmet Davutoglu (The Embassy of the Republic of Kazakhstan n.d.).

In line with bilateral relations the cooperation of Kazakhstan and Turkey in a multilateral format has been conducted – in the framework of the UN, ECO, OIC, CICA, Summit of Turkic-speaking states and others. Agreements and arrangements reflect the dynamism and the intensification of the strategic partnership between the Republic of Turkey and the Republic of Kazakhstan. Between the Foreign Ministries of the two countries on a permanent basis, consultations, meetings and visits on various issues of regional and international politics, as well as mutual support initiatives are conducted.

**Economic relations between Kazakhstan and Turkey**

The trade relations between Kazakhstan and Turkey started on March 15, 1991 in Almaty, by signing “The Trade and Economic Cooperation Protocol” (Ibid.) and then a series of agreements as follows were signed: “Agreement

Since the establishment of the bilateral trade relations of Turkey and Kazakhstan foreign trade volume between two countries has been increasing. In 1992, if the foreign trade volume was 30 million USD, later it increased to 112 million USD. In 1994 to 1995 it showed a rapid growth and trade volume reached to 237 million USD. The growth continued in the later years, and in 2000 the trade volume between two countries showed 465 million USD (Solak 2003). In 2008 this number increased to 3 billion USD. During the global financial crisis in 2009 the foreign trade volume decreased approximately to 1 billion USD (Kazakhstan: Country Report 2012). Despite this decline, in 2011 the volume of foreign trade between the two countries was about 3 billion USD (Country Bulletin of Kazakhstan 2012). In 2015 the trade volume between the two countries is expected to be $10 billion.

Table 1. Turkey-Kazakhstan's Foreign Trade Value (in USD)

### 1992-2000

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Trade Volume</td>
<td>30 000</td>
<td>112 000</td>
<td>164 000</td>
<td>237 406</td>
<td>264 663</td>
<td>375 863</td>
<td>467 975</td>
<td>392 507</td>
<td>46 576</td>
</tr>
<tr>
<td>Export</td>
<td>19 000</td>
<td>68 000</td>
<td>132 000</td>
<td>150 775</td>
<td>164 068</td>
<td>210 578</td>
<td>214 307</td>
<td>96 596</td>
<td>118 701</td>
</tr>
<tr>
<td>Import</td>
<td>11 000</td>
<td>44 000</td>
<td>32 000</td>
<td>86 631</td>
<td>100 595</td>
<td>165 285</td>
<td>253 668</td>
<td>295 911</td>
<td>346 375</td>
</tr>
</tbody>
</table>

### 2001-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Trade Volume</td>
<td>210 138</td>
<td>360 255</td>
<td>500 632</td>
<td>797 783</td>
<td>1 018.84</td>
<td>1 690.5</td>
<td>1 733.5</td>
<td>2 875.0</td>
<td>1 362.7</td>
</tr>
<tr>
<td>Export</td>
<td>119 795</td>
<td>158 655</td>
<td>233 994</td>
<td>355 590</td>
<td>459 946</td>
<td>993 700</td>
<td>855 300</td>
<td>1 903 764</td>
<td>791 833</td>
</tr>
<tr>
<td>Import</td>
<td>90 343</td>
<td>201 600</td>
<td>266 638</td>
<td>442 193</td>
<td>558 900</td>
<td>696 800</td>
<td>878 200</td>
<td>971 330</td>
<td>570 875</td>
</tr>
</tbody>
</table>
2010-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Trade Volume</td>
<td>1 851.1</td>
<td>2 943.8</td>
</tr>
<tr>
<td>Export</td>
<td>1 234.8</td>
<td>1 995.5</td>
</tr>
<tr>
<td>Import</td>
<td>616.300</td>
<td>948.3</td>
</tr>
</tbody>
</table>


Export And Import

Kazakhstan’s most exported country in 2011 was China with 16.3 billion USD. Then in top three lists took place Italy with 15 billion USD; and Russian Federation with 7.5 billion USD. Turkey ranked on the 10th place with 2.5 billion USD. This index shows the increase in comparison to the previous year. In 2010 Turkey was on the 13th place of most exported countries list of Kazakhstan with 1.2 billion USD. Turkey’s exports to Kazakhstan in 2011-12 years were plastic products, clothing, special-purpose machinery, textiles chemical products, general-purpose machinery, watercraft, household appliances, metal products, wireless cables.

Table 2. Top 10 products in Kazakhstan’s import from Turkey (2011)

<table>
<thead>
<tr>
<th>No.</th>
<th>HS Code</th>
<th>Type of Products</th>
<th>Unit</th>
<th>Amount</th>
<th>Value of Imports (in thousand USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4911</td>
<td>Other Printed materials</td>
<td>tone</td>
<td>273</td>
<td>43 035</td>
</tr>
<tr>
<td>2</td>
<td>8906</td>
<td>Other vessels (including warships and rescue vessels)</td>
<td>tone</td>
<td>885</td>
<td>39 280</td>
</tr>
<tr>
<td>3</td>
<td>8544</td>
<td>Insulated wire, cable and other insulated electric conductors; fiber optic cables from individually sheathed of fibers</td>
<td>tone</td>
<td>5 500</td>
<td>35 590</td>
</tr>
<tr>
<td>4</td>
<td>8516</td>
<td>Electric instantaneous or storage water heaters and immersion heaters; special electrical appliances to heat soil or similars; electro-thermic hairdressing apparatus and hand dryers; electric irons; other electro-thermic appliances used for domestic purposes; electric heating resistors</td>
<td>tone</td>
<td>5 785</td>
<td>18 819</td>
</tr>
<tr>
<td>5</td>
<td>5702</td>
<td>Woven carpets, hand woven rugs and other floor coverings</td>
<td>tone</td>
<td>8 090</td>
<td>17 504</td>
</tr>
<tr>
<td>6</td>
<td>3916</td>
<td>maximum 1 mm wide monofilament; thin and thick rods and profiles made of plastic</td>
<td>tone</td>
<td>22 007</td>
<td>17 354</td>
</tr>
<tr>
<td>7</td>
<td>7610</td>
<td>Aluminum construction and building parts; aluminum sheet for use in construction, rods, profiles, tubes and similars</td>
<td>tone</td>
<td>490</td>
<td>15 829</td>
</tr>
<tr>
<td>8</td>
<td>8437</td>
<td>Special machinery and equipments to clean, to extract or to sort seeds, cereals, dried beans; Special processing machinery and equipments to mill dry beans or grains</td>
<td>tone</td>
<td>2 950</td>
<td>14 233</td>
</tr>
</tbody>
</table>
Kazakhstan’s exports to Turkey in 2011-12 included petroleum oils, petroleum gas, iron or non-alloy steel made of semi-finished products, refined copper and copper alloys, unwrought cement, raw aluminum, wheat, other aircraft equipment and so on.

Table 3. Turkey’s imports from Kazakhstan

<table>
<thead>
<tr>
<th>No.</th>
<th>ISIC3 Quad</th>
<th>ISIC 3 Quad Name</th>
<th>Volume of Imports (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4272</td>
<td>Iron &amp; steel other than home metal industry</td>
<td>1 197 512 802</td>
</tr>
<tr>
<td>2</td>
<td>3111</td>
<td>Crude petroleum and natural gas</td>
<td>1 024 894 301</td>
</tr>
<tr>
<td>3</td>
<td>4232</td>
<td>Refine petroleum products</td>
<td>563 354 558</td>
</tr>
<tr>
<td>4</td>
<td>1011</td>
<td>Herbal products; fruits and vegetables</td>
<td>112 501 816</td>
</tr>
<tr>
<td>5</td>
<td>8514</td>
<td>Waste and scrap</td>
<td>92 699 280</td>
</tr>
<tr>
<td>6</td>
<td>4241</td>
<td>Basic chemicals</td>
<td>17 748 188</td>
</tr>
<tr>
<td>7</td>
<td>4271</td>
<td>Iron &amp; steel main industry</td>
<td>4 087 463</td>
</tr>
<tr>
<td>8</td>
<td>4191</td>
<td>Tanned leather, luggage, handbags and leather accessories</td>
<td>3 701 385</td>
</tr>
<tr>
<td>9</td>
<td>4151</td>
<td>Meat, fish, vegetables, fruit, fats and oils</td>
<td>1 328 063</td>
</tr>
<tr>
<td>10</td>
<td>4171</td>
<td>Textile spinning and weaving</td>
<td>592 115</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>TOP 10 PRODUCTS, TOTAL</strong></td>
<td><strong>3 018 419 971</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>OTHER PRODUCTS, TOTAL</strong></td>
<td><strong>1 811 973</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>TOTAL IMPORTS</strong></td>
<td><strong>3 020 231 944</strong></td>
</tr>
</tbody>
</table>


As we see from the table, the main ingredients of imports of Turkey from Kazakhstan are iron and steel primary metal industry products, crude oil and natural gas, refined petroleum products, vegetable products, waste and scrap, basic chemicals, iron and steel industry, tanned leather, luggage, hand kit and etc.
Investment

After gaining independence, Kazakhstan has opened its doors to Foreign Direct Investment (FDI) due to lack of savings. To accelerate this process the new laws were adopted. On January 1, 1995 with the adoption of Foreign Investment Act, Petroleum law, new Tax Rates and the Common Investment (joint venture) Act and also the banking reforms on price liberalization the flow of foreign investment was aimed. This situation gave the same rights to the foreign investors. The limitations that preclude their participation in privatization process have been eliminated. In addition, some benefits were provided to foreign investors. Kazakhstan’s oil, natural gas and mineral reserves, has attracted considerable foreign investment (Kazakhstan: Country Report 2009).

Generally speaking, Kazakhstan, since its independence, has been successful in attracting foreign direct investment. By the results of “Kazakhstan investment attractiveness survey” conducted in 2010 by Ernst & Young, Kazakhstan was rated in the top three most attractive CIS investment locations by 32% of investors surveyed (Dosymbekov 2011). Among the Central Asian countries, Kazakhstan attracted more than 80% of total foreign direct investment in the region. Since its independence to Kazakhstan more than 110 billion USD has been invested (Ibid.). The most FDI flow has been provided by US-based investments. Netherlands and the UK are the next most invested countries.

According to the report of Commercial Counselor of the Embassy of Turkey in Kazakhstan, the foreign direct investment entering the country in 2010 was 18.1 million USD, and in 2011 this number increased to 19.9 million USD. The first five countries that invest in Kazakhstan are the Netherlands, USA, United Kingdom and France. Turkey ranked 15th with 1.77 million USD (Republic of Turkey n.d.).

Between the years of 1993-2004, Turkey’s foreign direct investment to Kazakhstan amounted in total 852 million USD (Foreign Trade of Kazakhstan 2006). Despite the fact that Turkey is on 15th place, in terms of FDI to Kazakhstan, it has the large number of foreign-owned companies in Kazakhstan (Batmaz 2004). By the end of 2006 the total Turkish investment in Kazakhstan was about 1 billion USD. Turkey’s investments in the country in 2010 amounted to 62 million USD, and the total investment has increased to $2 billion (Kanbolat 2012).

Agriculture, livestock, meat and meat production, processing and canning fish and fish products, production of dairy products, milling production, stock feed production, sugar, cocoa production, textiles, weaving, garments, leather garments, footwear manufacturing, chemicals, soap and cleaning materials production, pulp and paper manufacturing, production of timber processing
products, plastic production, sheet glass, glass fibers, production ceramics, cement, lime, metals, iron and steel pipes and other construction materials such as manufacturing, production of machinery and equipment, automotive manufacturing, furniture manufacturing are the priority areas for investment.

Table 4. Foreign Direct Investment in Kazakhstan (By country) (Million USD)

<table>
<thead>
<tr>
<th>No.</th>
<th>Countries</th>
<th>1993-2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Cumulative (total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Netherlands</td>
<td>15.246</td>
<td>6.538</td>
<td>5.610</td>
<td>7.922</td>
<td>35.315</td>
</tr>
<tr>
<td>2</td>
<td>USA</td>
<td>18.079</td>
<td>1.941</td>
<td>1.404</td>
<td>1.039</td>
<td>22.464</td>
</tr>
<tr>
<td>3</td>
<td>United Kingdom</td>
<td>8.067</td>
<td>1.256</td>
<td>1.021</td>
<td>912</td>
<td>11.255</td>
</tr>
<tr>
<td>4</td>
<td>France</td>
<td>4.579</td>
<td>1.350</td>
<td>1.534</td>
<td>1.546</td>
<td>9.008</td>
</tr>
<tr>
<td>5</td>
<td>British Virgin Islands</td>
<td>4.966</td>
<td>1.048</td>
<td>688</td>
<td>658</td>
<td>7.361</td>
</tr>
<tr>
<td>6</td>
<td>Russia</td>
<td>3.430</td>
<td>639</td>
<td>929</td>
<td>774</td>
<td>5.772</td>
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<td>7</td>
<td>Italy</td>
<td>4.055</td>
<td>653</td>
<td>612</td>
<td>450</td>
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<tr>
<td>8</td>
<td>China</td>
<td>3.094</td>
<td>606</td>
<td>889</td>
<td>1.162</td>
<td>5.751</td>
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<td>9</td>
<td>Canada</td>
<td>3.287</td>
<td>493</td>
<td>416</td>
<td>573</td>
<td>4.769</td>
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<tr>
<td>10</td>
<td>Switzerland</td>
<td>3.072</td>
<td>449</td>
<td>481</td>
<td>446</td>
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<tr>
<td>11</td>
<td>South Korea</td>
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<td>185</td>
<td>300</td>
<td>339</td>
<td>4.077</td>
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<tr>
<td>12</td>
<td>Japan</td>
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<td>615</td>
<td>622</td>
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<tr>
<td>13</td>
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<td>623</td>
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<tr>
<td>14</td>
<td>Austria</td>
<td>2.658</td>
<td>164</td>
<td>-125</td>
<td>-191</td>
<td>2.506</td>
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<tr>
<td>15</td>
<td>Turkey</td>
<td>1.514</td>
<td>79</td>
<td>63</td>
<td>119</td>
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<tr>
<td>16</td>
<td>Germany</td>
<td>340</td>
<td>283</td>
<td>192</td>
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<td>1.178</td>
</tr>
<tr>
<td>17</td>
<td>Belgium</td>
<td>244</td>
<td>94</td>
<td>383</td>
<td>396</td>
<td>1.117</td>
</tr>
<tr>
<td>18</td>
<td>Greek Cypriot Administration</td>
<td>402</td>
<td>224</td>
<td>264</td>
<td>129</td>
<td>1.019</td>
</tr>
<tr>
<td>19</td>
<td>United Arab Emirates</td>
<td>440</td>
<td>371</td>
<td>95</td>
<td>61</td>
<td>967</td>
</tr>
<tr>
<td>20</td>
<td>Romania</td>
<td>371</td>
<td>130</td>
<td>214</td>
<td>98</td>
<td>813</td>
</tr>
<tr>
<td></td>
<td>First 20 countries total</td>
<td>81.107</td>
<td>17.716</td>
<td>15.873</td>
<td>17.419</td>
<td>132.116</td>
</tr>
<tr>
<td></td>
<td>Other countries total</td>
<td>8.514</td>
<td>1.301</td>
<td>2.270</td>
<td>2.432</td>
<td>14.517</td>
</tr>
<tr>
<td></td>
<td>In total</td>
<td>89.622</td>
<td>19.017</td>
<td>18.144</td>
<td>19.850</td>
<td>146.633</td>
</tr>
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</table>


Kazakhstan is most invested country in Central Asia. The country maintained well in attraction for investors from Turkey, and except 1998 when financial crisis happened in Russia and which affected to the investment process, in other years the flow of Turkish investments has been increased. Besides created companies and equity investments, Turkey’s FDI to Kazakhstan,
in first 12-years of economic cooperation, was on average 70 million USD each year (Öksüz 2010).

**Turkish Companies Investing in Kazakhstan**

Kazakhstan is the largest country, among Central Asian states, where Turkish business circles have their businesses; and also has the great potential for future perspective. Big Turkish investments are operating in the country. Turkey is the largest foreign country that has the largest number of foreign-owned companies in Kazakhstan. As Yeşim T. Akiş states, the relationship of Turkish firms with the countries in Transition Economies can be seen starting in 1927 (Akiş 1999). After the collapse of Soviet Union these relations renewed and started a new level of cooperation as new states and new companies. Today, 90% of the Turkish capital in Kazakhstan belongs to 12 large companies, and the rest 10% belongs to Turkish SMEs.

By the words of Kazakh Ambassador in Turkey Canseyit Tuymebayev, among the 2200 foreign companies engaged in joint production in Kazakhstan 319 companies are Turkish companies. According to statistics of the Ministry of Economy of Turkey, the total amount of more than 200 Turkish companies are participating in more than 40 projects totaled 2 billion USD (Tuymebayev 2012, p. 11). Followings are the examples of big projects:

- Astana International Airport in Kazakhstan;
- Parliament Building;
- Presidential Residence;
- Regent Ankara Hotel;
- Okan Intercontinental Astana;
- Children’s Rehabilitation Center;
- National Museum;
- State Hotel;
- Ahmet Yesevi University;
- Astana Twin Towers;
- GSM telecommunications infrastructure;
- Tengiz-Novorossiysk pipeline section in Kazakhstan (Shilibekova 2009, p. 60).

Besides, Turkish companies built shopping centers, highways and factories in various cities. Among the Turkish companies that invested in Kazakhstan 32% invested between 10–49 thousand USD, while 15% between 50–99 thousand USD, 26% from 100 to 499 thousand USD, and 5% from 500 to 999 thousand USD. The amount of the rest 22% of Turkish companies invested over 1 million USD. If American and British companies invested in Kazakhstan mostly concentrated in oil and gas, power and mining industries, the Turkish companies with about and over 1 million USD investments include mostly
the sectors as trade, telecommunication, hotel management, supermarket, manufacturing of petroleum product and food (Barak 2011). Below we describe the big Turkish companies running business in Kazakhstan:

- **TPAO (Türkiye Petrolleri Anonim Ortaklığı)** – Turkey Petroleum Corporation, is the largest Turkish investor in Kazakhstan. The company has a joint venture company called “Kazak Turk Munay” (KTM) with the Kazakh Company – KazMunaiGas. To this project TPAO between 1994 and 1999 years, invested 272.9 million USD. Nowadays, TPAO holds a 49% of share and KazMunaiGas has 51% (Turkish Petroleum n.d.).

- **Okan Holding** – one of the largest Turkish investors in Kazakhstan. Investments mainly are in hotel management, food production, marketing, construction and finance sectors. Followings are some of the big projects of Okan Holding:
  - **Ramada Plaza Astana** (formerly Okan Intercontinental Astana) – the first 5-star hotel in Astana, put into service in 1998. This project is run by Okan Holding based on franchising agreements with the Intercontinental Hotels & Resorts. The hotel has 2 royal suites, 26 suites and 190 luxurious flats. The total capacity is 600 beds, and also there is a ball hall for 300 people and 5 separate meeting halls. Moreover, the hotel houses an indoors swimming pool, sauna, a Turkish Bath, night club and a business centre. (Finished Overseas Project n.d.).
  - **Okan Holding** has also macaroni, biscuits, wafers and chewing gum factories; cement factory, shoe factories; and also has future projects in other fields.
  - **One of the successful and big projects is “Sultan” macaroni factory** – opened in 1996, monthly capacity is 3,200 tons. To this project 30 million USD was invested. The macaroni is not only meeting the needs of the country, but also exported to CIS countries as Russia, Ukraine, Kirgizstan, Uzbekistan, Tajikistan; and also Afghanistan (Sultan Macaroni n.d.). In addition, “Sultan” macaroni awarded with “Kazakhstan’s Grand Prix” diploma and in years 2002, 2003, 2004, 2005 and 2006 in the category of pasta products was awarded as the “best product” (Ibid.).
  - **Sultan Biscuits and Chocolate Factory** is also another effective project, which is located in Almaty. The factory was established in 1998. The monthly capacity of the factory is 550 tons of biscuits, 180 tons of waffle production. (Finished Overseas Project n.d.).

The list of prestigious construction projects of Okan Holding is wide enough, among them are Okan Jeruyik Astana Complex (Residence, Hotel, Shopping Center, Entertainment centers, etc.), Okan Merei Astana (Residence Towers and Shopping center), Kazakhstan National Museum and Arts Center, Kazakhstan Presidency Residence, Diplomatic City Project Astana, Astana
Turkish – Kazach relations since the collapse of Soviet Union…

Twin Towers (Residence with of 2 blocks of 25 stores and 125 flats), Avrasya Bank Head Office Building Astana, Emergency Relief Hospital with 240 beds and so on.

1. Turkcell – one of the biggest GSM operators in Kazakhstan. The company in 1998 founded K’Cell with its Kazakh partner Kazakh Telecom. The chain of ownership of K’Cell is as follows: Turkcell owns 41.45% of Fintur Holding B.V., which is a joint venture company with Telia Sonera that holds the remaining 58.55%. Fintur owns 51% of K’Cell with the state telecom company – Kazakhtelecom, owning 49% shares (Trace Compendium 2012).

2. Rumeli Holding – second giant GSM operator. The company owns the majority stakes of K-Mobile, the rest belongs to Kazakhstan’s company – Investel.

3. Koç Group – the stakeholder of Rambutya Shopping centers. Koç owns the 51% stakes of the project, other 40% belong to Kazakh partner Butya, and 9% owns by IFC. The total investment amount of the project is 35.5 million USD.

4. Ahsel İnşaat – 5-star Regent Ankara Hotel in Almaty was built by this company; and also Ahsel invested in business and shopping center complex in Astana.

5. Anadolu Group – the biggest Turkish investor in beverage production and bottling. The company’s 75 million USD investment includes three large factories:
   - Efes Pilsen factory (in Karaganda). The capacity: 6 500 tons of malt and 35 million liters of beer per year;
   - Coca-Cola Almaty Bottlers (in Almaty). Owns 86.3% of shares. The capacity: 117 million liters annually;
   - In addition, in 2003, Anadolu Group in Almaty with an investment of 25 million USD established second brewery in Kazakhstan, with annual capacity of 60 million liters.

6. Turkuaz Group of Companies – Kazakhstan’s the largest distribution chain. Turkuaz has a chain of stores and franchises; has offices in 10 regions of Kazakhstan. Turkuaz cooperates with the big multinational companies as Nestle and Unilever. The Group includes 14 companies; almost the 90% of its turnover, which is in total 100 million USD, is provided in food, cleaning and cosmetic sectors. Turkuaz Group has also a sunflower oil factory with annual capacity of 36 million liters of oil and dairy production facilities. Moreover, Turkuaz has big future projects in other fields.

7. PAKPEN Plastic – since 2003, owns a construction facility with the capacity of 25 thousand tons of PVC annually. The company invested 20 million USD to this project.

8. Bericap – a joint venture with Bericap Holding of Turkey; has a factory in the plastic cover. One of the Turkish investments recently began operations in Kazakhstan.
Moreover, Turkish companies in Kazakhstan, which have achieved international success, have been awarded in different fields. Coca-Cola Almaty, K-Cell Telecommunications Company, Turkuaz Vegetable Oil Industry, Okan Holding, Symbol Construction are some of them (Özdemir and Turan 2002, p. 246).

Additionally, Turkish Investment in Kazakhstan created more than 20 thousand jobs for local people. Turkish companies’ contribution to local communities is not limited only with employment, but also 60% of the employees at the beginning, and other 40% after the starting their work are having special professional training programs. Moreover, their salaries are minimum 3 times more than monthly average in Kazakhstan. For some of jobs requiring special skills are paid even more, around 1500-2000 USD per month. If the minimum wage in 2004 was 3200 KZT (about 18 USD) (E-Government of the Republic of Kazakhstan n.d.), in 2012 it became 17 439 KZT (about 96 USD) (Ibid.). We can easily understand that Turkish companies are paying quite high salaries (Batmaz 2004, p. 93).

**Turkish Banks in Kazakhstan**

Banking system of Kazakhstan is most developed among Central Asian countries. There are 15 banks with foreign capital in the country, (Representatives of the International Banks n.d.) among which are Turkish Banks. Along with Turkish companies in Kazakhstan Turkish Banks are also functioning successfully:

1. **KZI Bank (Kazakhstan Ziraat International Bank)** – The first bank with foreign capital in Kazakhstan. The bank established in January, 1993. 94% of shares of KZI Bank belong to Turkey’s Ziraat Bank and the rest 6% belong to Başak Sigorta. TKI Bank (Turkey-Kazakhstan International Bank) – established in January, 1993. In 2003 the bank was merged to KZI. 90% of investment of KZI belongs to Ziraat Bank. KZI Bank having total assets of 17 billion KZT (about 94 million USD – author) (Turkish banks concentrating 2015) offers its customers a wide range of cash transactions, all kinds of documentary payments accepted in the international banking practice, an individual approach to the issue of lending to small and medium-sized businesses.


3. **DKB (Demir Kazakhstan Bank)** – former Alcombank (Kazakhstan), in 1999 the bank was bought by Demirbank.

Turkish banks helping to Turkish Investors with legislative services too, because of which Turkish companies prefer to work mostly with them. With the intermediary role of KZI Bank in Kazakhstan several big projects were done
as Ankara Hotel, Coca-Cola, Ramstore Almaty, K-mobile, K’Cell and so on. In addition, Turkish Eximbank in Kazakhstan provided for the trade financing 55.7 million USD, for investment projects 184 million USD, and in total, 240 million USD as loans and credits (Kazakhstan: Country Report 2009).

**Katiad – A Bridge Between Two Countries**

Bilateral economic relations between countries have been also successfully continued by the businessmen of Turkey and Kazakhstan. In this regards, “Kazakhstan Turkey Businessmen Association” – KATIAD plays very important role of being a bridge between the two countries by supporting the economic and socio-cultural relations between Turkey and Kazakhstan.

KATIAD was established in 1995 by Turkish companies operating in Kazakhstan. KATIAD activities are carried out within the framework of the Kazakhstan’s Law “On Public Associations”. Membership in the organization is voluntary. Turkish companies started businesses in Kazakhstan, and Kazakh representative companies registered in Turkey can be the Members of KATIAD. Today the number of members of the Association is more than 200 companies. (About KATIAD 2012).

KATIAD performs the following functions:
- Promotes the development of commercial, industrial and economic relations between Kazakhstan and Turkey;
- Provides necessary information to its members and informs them about the any changes in Kazakhstan legislation;
- Conducts conferences, seminars and meetings in an informal environment where the issues interested the members of the Association on economy, trade, investment, banking and insurance are discussed;
- Provides support for the organization of conferences and meetings held by various agencies and NGOs, which are interested in businesses circles of Kazakhstan and Turkey;
- Provides business component of official visits between the two countries and conducts joint forums;
- Provides coordination between the Government authorities and the business community;
- Publishes a “Yearbook of Kazakhstan”, allowing the members of the Association an overview of the country;
- Provides recognition of KATIAD among Kazakhstani government agencies, by producing an annual “Directory of members of KATIAD”;
- uides Turkish companies, first arrived in Kazakhstan;
- Assists in the resolution of difficulties that faced by companies operating in Kazakhstan;
– Contributes to the strengthening of relations between the Turkish companies organizing social, cultural, educational and sporting events;
– Conducts activities to celebrate religious holidays for the Turkish community in Almaty and Astana;
– In collaboration with the Foundations provides all possible assistance to educational institutions, orphanages, social institutions for the elderly people;
– Finds sponsors to support these activities and conducts charity fair (Ibid.).

To achieve its goal and objectives KATİAD is providing joint projects with National Economic Chamber of Kazakhstan, Atameken Union Chamber of Commerce in Kazakhstan and the Kazakhstan Business Association (Kazkor), the Independent Association of Entrepreneurs (IAE) and etc. KATIAD is also cooperating with other business associations; and signed a Memorandum of Cooperation with Association of Financiers of Kazakhstan, the European Business Association (EBA), Forum of Entrepreneurs of Kazakhstan and so on.

**Economic Cooperation through International Organizations**

Economic Cooperation Organization (ECO) (About ECO n.d.) was founded in 1985 and is the successor organization of Regional Cooperation for Development (RCD) – Iran, Pakistan and Turkey. In the initial period, the cooperation of member-states in the framework of this organization was primarily bilateral. After the accession of the seven new states, in November 1992 – Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan – the activities of this association increased significantly.

The main objective of the ECO is to create conditions for continued economic and social development of member countries, consistent and gradual integration of the economies of the region into the global system of economic relations, as well as being actively cooperated in cultural, technical and scientific fields.

ECO operates, based on such fundamental documents as Quetta Action Plan, Istanbul, Islamabad, Ashgabat declarations, Almaty Outline Plan for development of the transport sector in the region and an updated Charter – Treaty of Izmir. In all these documents by the ECO member-countries the goals and objectives of the Organization, the strategy and the designated priority areas of cooperation – transport and communications, energy and trade, were clearly defined. To make important decisions in the framework of ECO and review the implementation of the obligations the meetings of the Council of Ministers and the meetings of the Heads of the Member States are provided.
At the ECO Summit held on 5-7 July 1993 in Istanbul, The Quetta Action Plan and the Istanbul Declaration of the long-term prospects were approved. It was also decided to establish ECO institutions as: Trade and Development Bank, Aviation and Shipping companies, the Insurance companies.

At the third meeting of the Heads of ECO member states, held in March 1995 in Islamabad, discussed issues of further economic integration of the region. A number of countries, including Kazakhstan, have approved basic documents to establish regional institutions: Trade and Development Bank, Insurance Company, the Agreement and the Charter Shipping Company, Transit Trade Agreement, the agreement on the facilitation of visa procedures for businessmen of ECO member countries, The Charters of Science Foundation and the Institute of Culture, also the Islamabad Declaration has been adopted.

The fourth meeting, held in May 1996 in Ashgabat, for the ECO region has become an event of paramount importance. The Heads of State endorsed the revised and updated documents of the Organization, which had been prepared by taking into account the economic and political changes in the international arena, and influencing the region. As a result of the meeting the Ashgabad Declaration and the Memorandum of Understanding on the reorganization and restructuring of the ECO was adopted.

Updated Charter of the Organization – the Treaty of Izmir – was signed at a special session of the Council of Ministers on 14 September 1996 in Izmir (Turkey). ECO is continuing to strengthen its international image and position through networking with various regional and international organizations such as the UN system (UNICEF, UNESCO, UNFPA, and others.). ECO was granted the observer status at the United Nations and the Organization of the Islamic Conference (OIC). At its 50th session in 1995, the UN General Assembly unanimously adopted a resolution on cooperation with ECO. The organization also seeks to establish a fruitful relationship with other major regional structures as: ESCAP, ASEAN and the EU.

Kazakhstan’s cooperation with the member countries of ECO acquired practical. Kazakhstan gives a priority to areas such as transport and communications, trade and energy. Equally important are relationships in the fields of agriculture, science and culture, the environment and health, the fight against drug trafficking. With the intensification of integration processes in the Eurasian continent the development of transport, and communications, the approach of transport and communication services in quality to international standards will serve as a basis for the development of other sectors of the economy.

In 1993, in Almaty, was held the Transport Ministers’ meeting of the ECO, which was adopted by the Almaty Main Plan for the development of modern transport infrastructure, consisting of specific projects and activities. Already in March 1995, construction was completed on the railroad that connected the
southern Iranian ports on the Persian Gulf coast unified railway system from the northern part of the country. In May 1996, there was docked trans-Asian railway line in the area of Mashhad-Sarahs-Tedjen, which is connected to a 700-km railway Bafa – Bandar Abbas. As a result, the sea port of Lianyungang on the east coast of China, connected by railway to the Iranian port of Bandar Abbas in the Persian Gulf. The road passes through the city of Urumqi, Almaty, Tashkent, Tehran, thereby providing Kazakhstan the access to the open sea on one side, and through Istanbul to Europe – on the other. In this case, the terms of cargo transportation is reduced by 25-30 percent.

As part of the development of air links the direct flights between the capital and largest cities of the ECO member-states are opened. As noted above, Kazakhstan signed an agreement on the establishment of the ECO Shipping Company and its Charter. Currently shipping company is a serving organization and Kazakhstan is working to implement the agreements reached on cooperation in this area. The possibilities of joint ventures for the reconstruction of the port of Aktau are discussed.

Kazakhstan, having considerable oil and energy resources, provides for an increase in oil and gas due to intensive development of existing and development of new fields. However, due to the limited capacity to transport of oil and gas the problematic is the question of an increase in their production. Therefore, Kazakhstan is interested in cooperation with ECO countries in the energy sector by preparing a plan not only for the development of oil and gas networks in the region, but also for connecting the energy systems of the ECO, which is also benefit Turkey.

In March 1996, Iran had agreed to exchange oil for the main technical aspects related to the implementation of the project of transportation of Kazakh oil from Aktau across the Caspian Sea in northern Iran. The parties agreed that in the first year after the conclusion of the contract Kazakhstan would supply one of the Iranian Caspian ports of crude oil in the amount of 2 million tones with a further increase in its amount to 5.5 million tons per year. In exchange, Iran replaces the same amount of oil in the Gulf, by charging a transit fee. One of the issues raised at the Ashgabat summit was a proposal to build a gas pipeline from Turkey through most of the ECO member states with the ending point in Pakistan.

Currently, in the use of oil and energy resources in the region, the protection of their own economic interests are dominating. As a result, there were certain imbalance between energy prices in the domestic and foreign markets. Thus the cost of Uzbek natural gas and electricity from Uzbekistan, Kyrgyzstan, Tajikistan and Turkmenistan, supplied to the southern regions of Kazakhstan is comparable to or higher than the world price level for these types of energy. Payment at world prices of energy obtained from neighboring
countries leads to significant economic losses and forcing Kazakhstan to invest in the development of its own energy.

Given the commonality of interests, the Government of Kazakhstan, Kyrgyzstan and Uzbekistan, on April 5, 1996 in Tashkent signed an agreement on the use of energy and water resources, the construction and operation of gas pipelines in the Central Asian region. Implementation of this agreement would resolve the case by mutual economically viable supply of electricity, gas, coal and oil products in conjunction with the most efficient use of water resources of the Syrdarya river basin, on the approximation of price and tariff policy in the energy sector.

Of great importance was the entry into force of the Agreement on the facilitation of visa procedures for businessmen of ECO member states and Transit Trade Agreement, which gave an impetus to trade and economic relations of Kazakhstan. The country has had the opportunity to use the duty-free transit of the goods through the territory of States that have signed the documents.

On May 4, 2001 in Dushanbe held the 11th meeting of the Council of Ministers of Foreign Affairs of the ECO. The participants during the meeting heard the report of the Secretary-General on the activities of the Organization, discussed the Secretariat’s budget for 2001, an annual action plan and program of work of the Secretariat for the year 2001, the state of the legal framework of cooperation, budget and audit issues. They agreed that the ECO member countries should gradually eliminate intra-tariff barriers, promote the further development of transport and communications, to accelerate the ratification of international agreements. In order to promote trade exchanges were asked to develop a regional trade agreement (ECO-TA). It was considered to agree on a list of priority areas and projects of cooperation to reduce the number of official activities of the ECO in order to avoid inefficient use of energy and resources, as well as to ensure their high productivity.

According to the results of the 11th session adopted Dushanbe communiqué, which reflected the desire of the ECO to improve its efficiency and transform the Organization into a reliable instrument of multilateral cooperation in the region.

Kazakhstan takes the view that the ECO as a major regional organization, has a very big potential. Uniting the States of Euro-Asian continent with a population of about 300 million, and having vast natural resources, an extensive network of communications, the Economic Cooperation Organization, will undoubtedly play an increasing role in the world economic system, benefiting all Member States, as well as, bilateral relations between Turkey and Kazakhstan.
Conclusions

Based on the paper, it can be concluded that the Turkish-Kazakh relations in a given time period, since Kazakhstan’s independence to the present time, occupied an important place in the system of international relations. Development of relations between the two nations went through a new phase.

The bilateral relations started, firstly due to deep cultural, historical ties, brotherhood kinship which caused Turkey to be the first country to recognize the independence of Kazakhstan. Secondly, the development of the Turkish – Kazakh relations is based on the identity or similarity of positions on a wide range of issues; moreover, both countries own interests in the international relations system also played a significant role in strengthening the bilateral relations.

The development of mutual relations between Turkey and Kazakhstan can be summed up as follows:

- Diplomatic relations can be stated as a dynamically developing. The strategic nature of the relationship also adds impetus to bilateral relations which is strengthened with a high level visits at least once a year;
- Turkey and Kazakhstan’s mutual relations in the cultural and educational spheres have been developing very actively. The establishment of educational, scientific, cultural institutions, foundations and celebrating cultural events are the good examples to it;
- Military cooperation is a key field in bilateral relations. Turkey provided military-technical and financial assistance in gratis conditions. Every year Kazakhstani military officers are being trained in Turkey. These relations help to achieve not only mutual interests but also their own interests too;

In economic – trade relations followings can be conclude:

a) Interest of both countries in the development of economic relations creates a good foundation for all-round cooperation, the foundations of which were laid down before Kazakhstan’s independence and after collapsing USSR the economic relations strengthened in a number of documents. Trade and economic cooperation between the two countries, despite the objective difficulties, has been successful and has been steadily expanding. If we compare the trade volume of first and second decades between Turkey and Kazakhstan, one can see that in the second decade there is a significant rise which makes a big difference: in 1999 the trade volume was 392 507 million USD, while in 2010 it rised to almost 2 billion USD. These numbers show the growth of trade in a short period of time between Turkey and Kazakhstan;

b) The role of Turkish companies is very high in bilateral relations. They have launched more than 40 projects totaling 2 billion USD. Turkish companies by participating mainly in the energy sector, telecommunication, food and beverages, construction and so on, have already created more than 20 thousand workplaces, and brought new technologies to Kazakhstan;
c) The bilateral relations in banking system are also year by year increasing. Turkish banks as Ziraat International Bank, International Bank Alma-Ata, Demir Kazakhstan Bank are now successfully operating in the financial market of the country. One of their main tasks is to service investment Turkish projects which are not supported with the direct government guarantees of both the public and private sectors in Kazakhstan;

d) Bilateral economic relations are strengthened through different organizations as ECO, where both countries support each other in different projects.

To conclude, the economic relations between Turkey and Kazakhstan show that despite of well-developed nature of relations, in comparison to other Central Asian countries, still there is need more activation of the economic and trade relations. We believe that the future of Turkish – Kazakh economic relations has a big potential.

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Turecko-Kazachskie stosunki od upadku Związku Radzieckiego: ekonomiczny wymiar stosunków dwustronnych

Streszczenie

W artykule dokonano analizy stosunków gospodarczych Turcji i Kazachstanu. Badany okres obejmuje czasy współczesne, od chwili uzyskania przez Kazachstan niepodległości. W pierwszej części przedstawiono ogólne sytuację ekonomiczną Kazachstanu. W części drugiej omówiono stosunki dyplomatyczne, jak również kulturalne, edukacyjne i wojskowe. Część trzecia, która stanowi główny temat i główny cel opracowania, zawiera omówienie wszystkich stron stosunków gospodarczych Turcji i Kazachstanu: eksport i import; inwestycje firmy tureckich w Kazachstanie; bariery, z jakimi się stykają tureccy inwestorzy, biznesmeni i przedsiębiorcy; określono rolę stowarzyszeń biznesowych w umacnianiu dwustronnych stosunków gospodarczych oraz zidentyfikowano dwustronne stosunki gospodarcze realizowane przez organizacje międzynarodowe.

Słowa kluczowe: gospodarka, inwestycje, Turcja, Kazachstan, wymiana, handel.

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