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Kazakhstan



Customs Union is advantageous for Kazakhstan's business - K.Masimov

Prime Minister of Kazakhstan Karim Masimov is confident that Customs Union is beneficial for his country.

According to him the economy of Kazakhstan is rather insignificant. And they need a larger market and a greater number of buyers in order they could carry out the fully-fledged industrialization in the country and to draw foreign investors into non-raw material sectors of the economy. "In our case Russia and Belarus are our buyers and they are jointly a good market," he said.

He noted that foreign investors have already expressed higher interest in the setting up of new enterprises and new jobs in Kazakhstan.

"I believe, these are the key issue and the key chance, which have been given to Kazakhstan and its business community," he said, highly assessing prospects from the participation in the Customs Union for the entire country's public community.

K.Masimov is confident that participation in the Customs Union for Kazakhstan became a good preparation for the accession to the World Trade Organization and transition to the standards of the Organization of Economic Cooperation and Development.

Source: News Agency ItarTass
(www.itar-tass.com)

Russia, Belarus and Kazakhstan get united in Eurasian economic union

Prime Ministers of Russia, Belarus and Kazakhstan V.Putin, M.Myasnikov and



K.Masimov participated at the July 12 business conference – “From Customs Union to Common Economic Space: Business Interests”. Following the organization of the Customs Union and the Common Economic Space, Russia, Belarus and Kazakhstan will get united in the Eurasian Economic Union, and from 2012 they will start negotiating with the EU on the creation of free trade zone.

Organization of the Customs Union is a big geopolitical event, according to the Russian Prime Minister, Vladimir Putin.

“For the first time from the collapse of the USSR, this has been the first realistic step towards reconstruction of natural economic and trade relations, which existed in the post-Soviet space, the three neighboring countries have provided new business conditions. The result is the high-capacity emerging market with over 165 million potential consumers. Besides, the rules of the game become more stable and predictable. Business starts working really in the competitive environment,” V.Putin said.

Russia, Belarus and Kazakhstan will not stop at the organization of the Customs Union, launched in 2010, and of the CES, which will start working in 2012. Next year, they will sign an agreement on formation of the Eurasian Economic Union to begin in 2013. Besides, following the organization of the CES, the CU member-counties are ready to start negotiations on free trade zone creation with the EU.

It was back in winter of 2010 that Russia, Belarus and Kazakhstan agreed to organize the Eurasian Union. Kazakhstan’s President Nursultan Nazarbayev is the author of the idea. At the first stage, the Eurasian Union will be just a formal name for the common economic space, and later it will have a common currency.

Vladimir Putin also informed that a major task of the Customs Union and the Common Economic Space of Russia, Kazakhstan and Belarus will be to create a new pole of world economy activity.

“We have large-scale goals and their fulfillment, in fact, should eventually change the whole structure of the Euro-Asian space. We plan to form a powerful union which can and must become one of world economic poles,” he said.

The Prime Minister outlined that this will allow Russia and other members of the organization to join the technology race as well as compete for investors on equal terms.

*Source: IA ItarTass (www.itar-tass.com)
IA RT (www.rt.com)*

Kazakhstan has developed draft tech regulation of Customs Union on safety of meat and meat products

Kazakhstan Government has developed draft technical regulation of the Customs Union “On the safety of meat and meat products”. The purpose of the document is to harmonize the requirements of the CU with international standards and to eliminate excessive administrative barriers to the trade. It also stipulates protection of consumers’ health.

The document regulates the safety standards of meat and products thereof, as well as the process of production, storage, sale and transportation. The Tech Regulation applies to products of slaughter and meat products. It does not concern meat products produced by non-industrial way for home consumption, poultry meat and products thereof.

The meat will be labeled with a Unified trademark of Customs Union. Products not complying with tech regulation will not be allowed to enter the market.

The document obliges producers to provide detailed and accurate information on the packages. One of the key objectives of the

Tech Regulation is to eliminate excessive administrative barriers to the trade as this will favorably influence the development of small and medium-sized businesses engaged in the production of meat and meat products.

Kazakhstan is responsible for the development of the draft. Tech regulation will come into effect in two years after its adoption by the CU Commission.

*Source: News Agency TheNewsKz
(www.thenews.kz)*

*Translated by: www.usapeec.kz - USAPEEC
Central Asia Eastern Europe office*

Protest against Customs Union took place in Almaty

Some 20 activists of the young people's club Rukh pen Til organized a protest against the creation of the Customs Union in Almaty on July 12, 2011.

"We believe the Customs Union should not turn into a political union," Zhanbolat Mamai, leader of the club, said at the end of the march, which began near the Astana square and ended at the presidential residence in Almaty.

Zh. Mamai believes the Customs Union poses a threat to Kazakhstan's independence and the prices on cars, fuel and food increased considerably in Kazakhstan after the country's accession to the union. He said that they will continue such protest actions.

The protest was not authorized by the city administration. However, the police that accompanied the protesters did not detain them, but only blocked their way to the presidential residence and took their pickets.

On July 1, Rukh pen Til activists gathered near the building of the Russian General Consulate to protest the Customs Union. The protest had some 20 participants and Zh. Mamai was then detained by the police.

*Source: News Agency Interfax
(www.interfax.com)*

Due to membership in Customs Union food prices will rise in Kazakhstan

Increase in food prices in Kazakhstan will be associated primarily with the growth of duties by at least 20 percent.



Kazakhstan is an importing country. 80 percent of all goods are supplied from China, Turkey and Europe. The duties on imports from these countries will rise at least by 20 percent. Consequently, entrepreneurs will raise their prices.

According to the Vice President of the Independent Association of Entrepreneurs T. Nazhanov Kazakhstan imports most of the food products, including meat from China and Kyrgyzstan.

In addition, gasoline prices will be brought into line with Russian ones, which will result in higher food prices.

Source: News Agency Kazakh-Zerno (www.kazakh-zerno.kz)

*Translated by: www.usapeec.kz - USAPEEC
Central Asia Eastern Europe office*

Kazakhstan intends to reduce dependence on poultry imports

The Government is taking active measures to support domestic poultry industry. Over the next five years



Kazakhstan plans to reduce import of poultry products up to 30,000 MT per year, according to the Director of Animal Husbandry and Veterinary Safety under the Ministry of Agriculture Rabiga Tokseitova.

She underlined that Kazakhstan is annually increasing poultry production. The share of imports has decreased, but they still remain dependant on imports. Imports constitute 56 percent of the total consumption.

At present Government is taking measures to support domestic poultry industry by creating a Fodder Fund (300,000 MT) and reducing the

rates of interests on loans for the purchase of equipments used in the poultry industry. She believes that all this will allow to increase production volumes of poultry meat and eggs. Thus, by the year 2016 Kazakhstan will be able to reduce imports of these products till 30,000 MT per year.

According to the Ministry of Agriculture of Kazakhstan, in 2010 the number of poultry in the country amounted to 33 million heads.

Source: News Agency TheNewsKz

(www.thenews.kz)

Translated by: www.usapeec.kz - USAPEEC Central Asia Eastern Europe office

Kazakhstan increases poultry meat production

Kazakhstan steadily increases domestic production. Ministry of Agriculture in Kazakhstan, poultry production will reach 100,000 MT in 2011.



In recent years, poultry production increased significantly in Kazakhstan. Eugene Aman, executive secretary of the Agriculture Ministry says that domestic poultry industry is extremely thriving. Four years ago, with 160,000 MT of consumption, domestic production was only 40,000 MT. In 2009, production volume reached 77,000 MT. Therefore, he is sure that either this year or next year Kazakhstan will definitely be able to produce 100,000 MT of poultry.

In 2010, Kazakhstan imported 109,000 MT of poultry meat, 92 percent of which was supplied by U.S. According to E.Aman, Kazakhstan plans to reduce the amount of imported poultry meat year-by-year. Over the past few years a number of modern farm projects were started, and for the next 5 years, 6 more modern facilities will be built in the country. Over the next 5 years, about 75-80 percent of domestic consumption of poultry meat will be ensured by domestic production.

Kazakhstan is currently ranked third among the CIS countries for the production of poultry meat, and authorities plan to use government

subsidies to help the poultry industry to remain among the leaders in the nearest future.

“Targeted transfers from the central budget to subsidize the increase in productivity and quality of livestock products in the last years significantly increased. If last year the total volume was about KZT 7.2 billion (USD 49 million), the volume of the current subsidies are expected to almost 2 times higher”, President of the Union of Poultry Producers of Kazakhstan, Ruslan Sharipov said.

Source: News Agency MeatTradeNews

(www.meatradenewsdaily.co.uk)

Kazakhstan produced over 700,000 MT of meat for the first half of 2011

Kazakhstan increases domestic production of meat by 2 percent year by year. As of July 1, 2011



the country has sold for slaughter over 700,000 MT of all kinds of livestock and poultry meats vs. 693,000 MT in 2010.

The increase in meat production is observed in all regions of Kazakhstan (except North Kazakhstan).

According to the State Statistics Agency Almaty region produced almost 20 percent of the total national meat output (127,000 MT). Production volumes in Kostanai region, South Kazakhstan and East Kazakhstan are also significant: 90,000 MT, 82,000 MT and 78,000 MT respectively. The volume of meat production increased by 6 percent compared with 2009 and by 8 percent compared with production volumes in 2008.

Source: News Agency MeatInfo

(www.meatinfo.ru)

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Kyrgyzstan



Kyrgyzstan will not come out of WTO in order to join the Customs Union

According to A. Atambaev Kyrgyzstan will not come out of WTO in order to join Customs Union of Russia, Belarus and Kazakhstan. He noted that Kyrgyzstan would require a transition period to join the Customs Union. "There are always alternatives to solve this or that problem. We need to approach this issue systematically. And we should not agree on everything and sign the documents without thinking them over very carefully the way we did when joining WTO. And now we must not hesitate to haggle over every item", the Prime Minister underlined.

He also underlined that they will negotiate on each item, so that to maximally protect domestic market, business and population against any negative impacts. The Prime Minister noted that in case of Kyrgyzstan's accession to the Customs Union, according to preliminary estimates of Kyrgyz and Russian economists, customs fees will only be increasing. "Our main goal is to ensure the continuation of the economic growth. We need to figure out all the options, there should be no rush", Prime Minister concluded.

Source: News Agency RG (www.rg.ru)

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Kyrgyzstan spent USD 63 million on import of eggs and chicken meat in 2010

Kyrgyzstan spent USD 63 million on import of eggs and chicken meat in 2010, the Minister of Agriculture Torogul Bekov informed at the meeting with the First Vice Prime Minister Omurbek Babanov. According to him, the country has all means to start exporting domestic products abroad. Despite this Kyrgyzstan exports neither eggs nor poultry meat. Local producers are not protected from imports. Therefore, supplies



of imported poultry meat are increasing. T. Bekov informed that in 2009 Kazakhstan imported 59,000 MT of poultry meat and 87,000 MT in 2010. He also informed that self-sufficiency in meat products totals only 5 percent while self-sufficiency in eggs makes up 30 percent.

Omurbek Babanov underlined that Kyrgyzstan consumes 335,000 MT of meat annually. Chicken meat constitutes 19 percent of it.

Source: News Agency 24.KG (www.eng.24.kg)

The Ministry of Agriculture proposes to introduce import duties for poultry meat and eggs

During the Government meeting on the development of poultry industry in Kyrgyzstan, Minister of Agriculture Torogul Bekov proposed to introduce import duties for poultry meat and eggs.

Last year Kyrgyzstan imported poultry meat from Russia and Kazakhstan worth USD 60 million, USD 3 million of which was spent on import of eggs, even though the domestic production of eggs exceeds the need.

The average price for imported poultry meat is 47 soms per 1 kilogram and 2.5 soms per 1 egg. The Minister informs that Kyrgyz producers can not compete with dumping prices of Kazakhstan and Russia, as the cost of poultry production is much more expensive in Kyrgyzstan. For example, 1 kg of poultry costs 80 soms and 1 egg costs 4.5 soms. Therefore, Kyrgyz producers suffer huge losses as they are forced to sell their products at lower prices to compete with the imported ones.

Therefore, Mr. Bekov proposes to temporarily introduce customs duties for imported poultry and eggs at the rate of 30 percent.

In 2010 poultry imports to Kyrgyzstan totaled 87,600 MT, with the domestic production of only 4,400 MT, whereas egg imports made up 56 million units with the domestic production of 373 million eggs.

First Vice Prime Minister of Kyrgyzstan Omurbek Babanov has ordered to create an Interdepartmental Commission that will develop proposals on the introduction of the import duties. Proposals are to be submitted for the Government consideration within a week.

*Source: News Agency MeatInfo
(www.meatinfo.ru)*

Translated by: www.usapeec.kz - USAPEEC Central Asia Eastern Europe office

Kyrgyz Government will protect national producers

On July 5, First Vice Prime Minister Omurbek Babanov held a meeting with local poultry producers to discuss possible measures of support. Kyrgyzstan poultry and egg producers have complained that their businesses are suffering from foreign competition. Currently, poultry meat and eggs are mainly imported from Russia and Kazakhstan.

According to the Chairman of the Board of Directors "Shumkar" Alexander Kostyuk, Kazakhstan has already banned meat imports from Russia so that to protect national producers. Alexander Kostyuk noted that it would be good to set the same ban in Kyrgyzstan, at least for a month, to help own producers.

Omurbek Babanov assured poultry producers that the government will support them, with a condition that they will modernize and increase their production.

For example USD 20 million will be invested into reconstruction of poultry plants. O. Babanov encouraged poultry producers to submit projects on the development of the poultry industry to the Kyrgyz-Kazakh Investment Fund. Investment Fund will be launched in July and its assets will total USD 100 million.

There are 8 poultry plants in Kyrgyzstan. On average, each plant requires about USD 2.5 million for its reconstruction, thus totaling in USD 20 million. The amount is expected to be recovered after 3-4 years of production.

According to the Head of the Ministry of Agriculture of Kyrgyzstan Torogul Bekov by

2015 the annual increase in poultry stock should reach at least 10-15 percent, and annual average egg production will be 200 - 250 pieces per 1 laying hen. Production of chicken meat will be raised to 15,000-20,000 MT per year. As of now Kyrgyzstan produces 4,400 MT of poultry meat annually.

*Source: News Agency TheNewsKz
(www.thenews.kz)*

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Uzbekistan



Uzbekistan has lost its major supplier of meat due to Customs Union

With the closure of the external borders starting July 1, 2011 Uzbekistan has lost its major supplier of meat - Kazakhstan. The market price has jumped up to USD 10 per 1 kilogram of beef. The price is expected to go up further during the autumn.

According to mass media the main reason for the sharp increase of meat prices lays in a drastic decrease of lands used for sowing fodder crops, as well as in the sharp rise of the cost of feed. However, the trade representatives blame Customs Union in the shortage of meat.

Anyway Uzbekistan officials do not even consider the possibility of joining the Customs Union, unlike their neighbor Kyrgyzstan, that is also seriously affected by the new rules on Kazakh border.

*Source: News Agency MeatInfo
(www.meatinfo.ru)*

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Uzbekistan: Import duties on some food products will be increased

Starting August 1, 2011 import duties on some food products will be increased. I.Karimov, President of Uzbekistan has signed the Decree No. PP-1560 “On additional measures to improve customs and tariff regulation of imported goods” as of June 28, 2011.

According to the Decree starting August 1, 2011 the duty rate on the imported poultry and turkey products is set at 30 percent of customs value but not less than 1 USD per 1 kilogram. Earlier, a similar rate of 30 percent of customs value was established as follows: not less than 0.25 USD per 1 kilogram.

Source: News Agency TheNewsKz

(www.thenews.kz)

Translated by: www.usapeec.kz - USAPEEC Central Asia Eastern Europe office

Decree No. PP-1560 as of June 28, 2011 “On additional measures to improve customs and tariff regulation of imported goods” (Unofficial translation)

In order to further improve the import of certain types of consumer goods into the Republic of Uzbekistan and in order to introduce International standards of customs duties calculation:

1. Starting August 1, 2011 to set the rates of import customs duties on certain types of goods in accordance with the annex to this decree.

2. To determine that until October 1, 2011 for the goods that were released into free circulation under customs regime “temporary storage” before July 1, 2011, the duty rates are

to be applied in accordance with the Presidential Decree No. PP-1169 “On additional measures to regulate foreign economic activity” as of dated August 5, 2009.

For goods released into free circulation (from the customs regime of “temporary storage”) after October 1, 2011, the rates of import

3. State Customs Committee of Uzbekistan is to ensure strict compliance with the established procedure of customs clearance of imported goods and to establish effective control over the import of goods so that to prevent illegal ways of their importing and to ensure correct calculation of customs duties.

4. Ministry of Foreign Economic Relations, Investments and Trade of Uzbekistan within one month shall submit to the Cabinet of Ministers proposals on changes and amendments to the legislation arising from this decision.

5. Vice Prime Minister of the Republic of Uzbekistan, Mr. Asimov is to control the implementation of this decision.

Annex to the Decree No. PP-1560 as of June 28, 2011

The Rates of import customs duties for goods imported into the territory of the Republic of Uzbekistan

HS Code	Title	In percentage of customs value of goods or in USD per unit
0207 14 100 9	Boneless chicken carcasses, frozen	30, but not less than 1 USD/kg
0207 14 200 9	Halves or quarters of the chicken carcasses, not deboned, frozen	30, but not less than 1 USD/kg
0207 27 100 9	Boneless turkey carcasses, frozen	30, but not less than 1 USD/kg

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Tajikistan



Tajikistan preferred WTO to Customs Union

The Minister of Foreign Affairs Khamrokhon Zarifi believes that becoming members of WTO would be more beneficial for the country rather than joining Customs Union of Russia, Belarus and Kazakhstan. “We do not share the border with the countries of the Customs Union yet. After Kyrgyzstan enters the Customs Union we will also seriously consider this possibility for our country. Meanwhile, we are oriented to the WTO, as both Kyrgyzstan and neighboring China are already WTO members”, the Minister said.

According to the H. Zarifi the last round of talks on WTO accession was successful. All member countries (except the U.S. and the EU) have given their consent for Tajikistan accession to the organization. At the same time, Tajikistan membership in Customs union would have negatively impacted on the inflation in the country since then Tajikistan would have to increase customs duties for non-member countries. The matter is that the major part of industrial goods is supplied from Turkey and China.

In April of this year the Kyrgyz Government has created the Interdepartmental Commission that is to work on the country’s accession to the Customs Union and Common Economic Space (CES). At the same time Kyrgyzstan plans to remain a member of the WTO.

Ukraine also hasn’t decided yet whether to join CU or not. Russian government officials notified Ukraine that in case later establishes free trade zone with the EU, Russia and other CU members will have to strengthen customs administration at the Ukrainian border. This, in turn, may lead to the reduction of Ukrainian exports to the countries of the Customs Union. Initially Ukrainian Officials said that accession to the European Union is more important for them rather than membership in CU. However, later Ukrainian authorities informed that Ukraine could cooperate with CU in the “3+1” format.

Agreement on the establishment of the CES (Common Economic Space) was signed in December 2009 by the Presidents of Russia, Kazakhstan and Belarus. The formation of CES should have been completed by January 1, 2012. Starting July 1, 2011 Russia, Belarus and Kazakhstan ceased to carry out customs control at the internal borders of the Customs Union. Control is carried out at the external borders in accordance with the Unified Customs Tariff.

Source: News Agency CA-News (www.ca-news.org)

Translated by: www.usapeec.kz - USAPEEC Central Asia Eastern Europe office

*Kazakhstan poultry import statistics over January-May 2011**

Partner Country	Value	Quantity
World	43,195	44,777
United States	28,820	35,540
Ukraine	13,659	8,290
Poland	403	508
Brazil	238	369
France	58	55

Value Unit: Thousands of USD

Volume Unit: MT

* Source: Customs Control Committee under the Ministry of Finance of Kazakhstan.

* Share of U.S. in total volume of poultry imports into Kazakhstan over January-May 2011 made up 79 percent.