Trade Relations Between Turkey and Kazakhstan on the 25th Anniversary of Kazakhstan's Independence

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Abstract

Since Kazakhstan gained independence in 1992, bilateral relations between Kazakhstan and Turkey have developed in many spheres. The warm relations have brought many business opportunities for both countries. Over 23 years, the amount of exports from Turkey to Kazakhstan have multiplied by 39 times while imports from Kazakhstan have increased by 110 times. As for Kazakhstan's investment sector, Turkey is the fourth largest investor country in non-energy sectors, and 17th in terms of capitalization. Moreover, in terms of compatibility regarding the trade structure, it would be beneficial for Kazakhstan to increase its trade volume as shown with the results of the trade complementarity index. This research looks at the bilateral trade relations between Kazakhstan and Turkey on the 25th year anniversary of Kazakhstan's independence in order to analyze the bilateral economic relations in different perspectives such as changes in trade amount, trade structure and trade complementarity.

Key Words

Kazakhstan, Turkey, Bilateral Trade Relations, Trade Complementarity Index, Central Asia.

Introduction

Turkey and Kazakhstan have friendly relations in the economic, political and cultural spheres. Although the bilateral trade relationship between Turkey and Kazakhstan has started with a marginal volume of US$ 30 million in 1992, continuous growth in trade throughout the 1990s increased the trade volume to US$ 462 million in 2000, and US$ 3.26 billion in 2010. This number subsequently fell to US$ 1.85 billion in 2015,[1] despite both country's leaders having set a goal at the High Level Strategic Cooperation Council

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(HLSCC) meeting on 11-12 October 2012 to increase the bilateral trade volume to US$ 10 billion by 2015.[2]

Turkey is the fourth largest investor country in non-energy sectors, and 17th in terms of capitalization.

Within bilateral trade relations, Turkey's top export products are gold, optical instruments, textiles, and metallic structures, and its top import products are copper, petroleum gases, zinc, and aluminum. Turkey's exports are diverse with a majority of them consisting of labor-intensive and difficult to imitate products, while in return, she heavily imports raw materials from Kazakhstan.[3] The share of the top 10 Turkish export products to Kazakhstan are equal to 36% of the total export amount. This statistic shows that Turkey's export goods are diversified in Kazakhstan-Turkey trade relations. As for the top 10 import products, the figure is 97% of the total import volume.

During the early years of bilateral relations, in order to increase the business potential between the two countries, the "Double Taxation Avoidance Agreement" was signed in August 1995 to relieve companies from an additional burden, thus laying the ground for a suitable business environment for both countries. In addition, in 1996, the "Reciprocal Promotion and Protection of Investments" and in 1997 the "Trade and Economic Cooperation Agreement" were signed to increase bilateral trade between Turkey and Kazakhstan.[4]

Another important agreement in bilateral relations between Kazakhstan and Turkey was the signing of Action Plan 2012-2015, on the implementation of the joint economic program "New Synergy" in 2012. This program aimed to increase the number of Turkish companies investing in Kazakhstan. Prior to this agreement, both countries agreed in October 2011 on a memorandum for the creation of a joint Kazakh-Turkish industrial zone.[5]

Currently, Turkish firms mainly operate in the food, construction, hotel management, manufacturing, and medication-chemistry industries, providing jobs for more than 15,000 people. Turkey is the 17th largest investor in Kazakhstan in terms of capitalization and the 4th biggest country in terms of non-energy sector investments. As an example of the latter, in 2015 Turkish construction firms undertook 13 projects with a total worth of US$ 808 million.[6]

In the political sphere, in the early 1990s, sentimental discourses shaped Turkey's approach to the region. In the

2000s, by developing more pragmatic policies, the relations between the two countries in the economic, energy and military spheres further developed. The Strategic Partnership Agreement that was signed in 2009 paved the way for strengthening the dynamic development of bilateral relations between Turkey and Kazakhstan. Furthermore, the establishment of the High Level Strategic Cooperation Council in 2012 has helped to create an institutional mechanism for further development of the strategic relations between the two countries.[7]

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Another important feature of the bilateral relations is the cooperation in culture and education. In education, Khodja Akhmet Yassawi International Turkish-Kazakh University was established in 1992, and through exchange programs, thousands of students have been studying in Turkey and Kazakhstan since then. Regarding cultural cooperation, in 2010, the International Turkic Academy was established to carry out cultural and historical projects related to the Turkic nations.[8]

Alongside these bilateral agreements, Kazakhstan and Turkey are also cooperating under various regional and international cooperation efforts such as the UN, the Economic Cooperation Organization (ECO), the Organization of Islamic Cooperation (OIC), the Organization for Security and Co-operation in Europe (OSCE), and the Conference on Interaction and Confidence Building Measures in Asia (CICA). In addition, a number of multilateral institutions such as the Turkic Council, the International Organization of Turkic Culture (TURKSOY), and the Parliamentary Assembly of Turkic Speaking Countries (TurkPA) are strengthening the links between Turkey and Kazakhstan through carrying out various mutually beneficial projects. [9]

Recent Economic Outlook of Turkey-Kazakhstan Bilateral Trade Relations

In terms of GDP per capita, Turkey and Kazakhstan's income levels are relatively close to each other. In 2015 Turkey's GDP per capita was US$ 9,130 while Kazakhstan's was US$ 10,508. In both countries, GDP per

capita is in a falling trend since 2013. For instance, Kazakhstan's GDP per capita decreased 8% in 2014 and 20% in 2015, falling from US$ 14,310 in 2013 to US$ 10,508 in 2015. As for Turkey, the drop is relatively moderate compared to Kazakhstan, with the GDP per capita reduced by 4% in 2014 and 11% in 2015, shrinking from US$ 10,800 to US$ 9,130[10]. Looking at GDP by sector composition in Turkey, in 2015 the contribution of agriculture was 8.5%, industry was 26.4%, and services was 64.9%. For Kazakhstan, these figures in 2015 were 5% for agriculture, 33.2% for industry and 61.7% for services.[11]

Table 1: Turkey-Kazakhstan Relations Main Indicators (2015)

	Turkey to Kazakhstan	*Kazakhstan to Turkey*
Total Trade *(million US$)*	1859	1859
Export (million US$)	750	1109
Export Trade Share (%)	0.52	2.78
Investments		
Foreign Direct Investment (million US$)	22*	26*

** January-August 2016*

Source: UN Comtrade.com, at https://comtrade.un.org/ (last visited 18 January 2017); TCMB.gov.tr, http://www.tcmb.gov.tr/wps/wcm/connect/TCMB+TR/TCMB+TR/Main+Menu/Istatistikler/Odemeler+Dengesi+ve+Ilgili+Istatistikler/Odemeler+Dengesi+Istatistikleri/Veri+Tablolar (last visited 04 November 2016).

Turkey and Kazakhstan have relatively balanced trade relations, with Kazakhstan's exports to Turkey being only 1.4 times higher than Turkey's exports to Kazakhstan. In terms of export trade share, Turkey's exports to Kazakhstan constitute 0.52% while Kazakhstan's exports to Turkey are

2.78% of the total export amount. When we look at Turkey's trade relations with the other Central Asian countries, we see that Kazakhstan is Turkey's second largest export partner after Turkmenistan, and its first import partner. Regarding foreign direct investments, since the beginning of 2016, Kazakhstan has invested US$26 million in Turkey while Turkish investments in Kazakhstan have reached US$ 22 million.[12]

In terms of export trade share, Turkey's exports to Kazakhstan constitute 0.52% while Kazakhstan's exports to Turkey are 2.78% of the total export amount.

Turkey's bilateral trade relations with Kazakhstan started in 1992 with a relatively marginal volume of US$ 19.3 million in exports and US$ 10.5 million in imports. However, during the period of 1993-1998, export and import volumes significantly increased, with an average of 66% growth rate for export and 99% for import. In this period, export volume increased by 11 times and import volume by 29 times, reaching US$ 212.8 million and US$ 295.9 million respectively. Over 23 years of trade, exports have increased by 39 times and imports by 110 times. Also the gap between exports and imports changed in favor of imports by 1.47 times in 2015. This figure reached its peak in 2008, with a 2.6 times difference between imports and exports[13].

During the period of 1992-2015, Turkey's exports to Kazakhstan grew on average by 26%. Moreover, the period of 2000-2007 was the most stable period for exports, as export volume increased from US$ 116.1 million to US$ 1,079 million, with an average growth rate of 36.3%. However, due to the global financial crisis in 2009, the growth rate fell two years in a row, resulting in a 42% decrease in exports, to US$ 633.5 million in 2009. Since then, export volume has not yet been able to reach its 2007 level, although it came close in 2012 at US$ 1,069.3 million. Exports volume started to recover in 2010 and had risen with an average of 19.2% until 2013. The growth rate of Turkey's exports started to decrease gradually in 2013 by 2.3%, with the falling trend continuing in 2014 and deepening still further in 2015, with a 23.95% decrease in trade volume[14] It should be noted that here the decline in exports was influenced by Kazakhstan's entrance to the Eurasian Custom Union, which was later transformed into the Eurasian Economic Union.

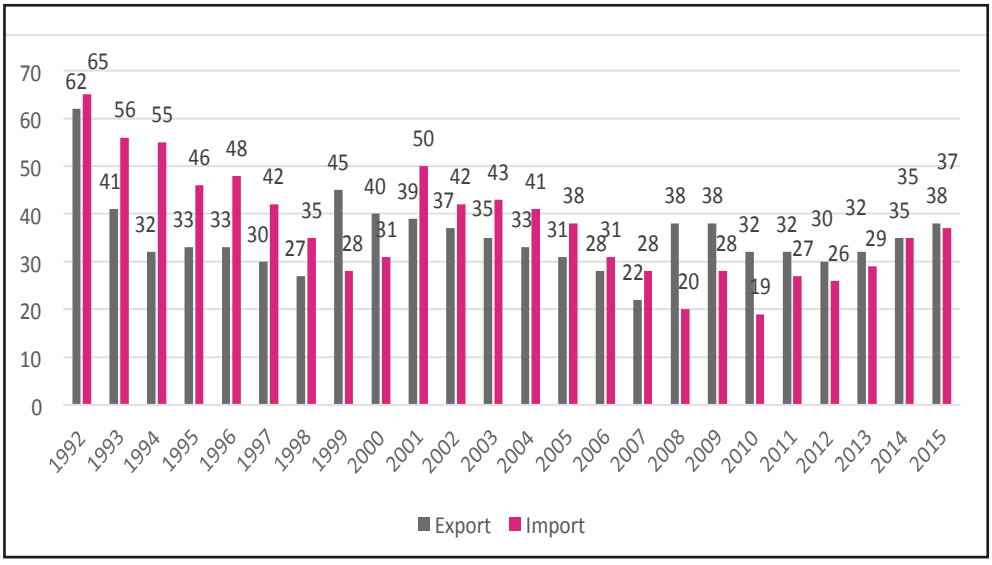
Table 2: Turkey-Kazakhstan Bilateral Trade Volume and Growth (1992-2015)

Year	Turkey's Export to Kazakhstan (million US$)	Growth Rate (%)	Turkey's Import from Kazakhstan (million US$)	Growth Rate (%)
1992	19.35		10.51	
1993	67.80	250,38	43.74	316,17
1994	131.73	94,29	32.30	-26,15
1995	149.79	13,70	86.63	168,20
1996	163.24	8,97	93.69	8,149
1997	210.49	28,94	165.28	76,41
1998	212.88	1,13	253.66	53,47
1999	96.52	-54,6	295.90	16,65
2000	116.14	20,32	346.34	17,04
2001	119.79	3,14	90.34	-73,91
2002	158.65	32,44	201.60	123,15
2003	233.99	47,48	266.63	32,25
2004	355.59	51,96	442.19	65,84
2005	459.94	29,34	558.89	26,39
2006	696.68	51,47	993.72	77,80
2007	1079	54,87	1284.04	29,21
2008	890.60	-17,46	2331.99	81,61
2009	633.50	-28,86	1077.07	-53,81
2010	819.89	29,42	2470.96	129,4
2011	947.89	15,61	1995.11	-19,25
2012	1069.37	12,81	2056.08	3,05
2013	1039.42	-2,80	1760.11	-14,39
2014	977.48	-5,95	1236.26	-29,76
2015	750.15	-23,25	1109.83	-10,22

Source: UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

As for import dynamics, it should be mentioned that imports followed a similar trend as exports did, but in more volatile structure throughout the period of 1992-2015. The changes in imports growth rates often fluctuated. For instance, in the period of 2000-2008, import volume grew from US$ 346.3 million to US$ 2331.9 million, but within a range of 17% to 123%. Due to negative effects of the global financial crisis, Turkey's imports from Kazakhstan fell by 53% to US$ 1,077 million in 2009. During the period of 2013-2015, imports reduced by 14.3% in 2013, 29.7% in 2014 and 10.2% in 2015[15]. The reason for this decrease in amount could be associated to some extent with the fall in oil prices. For instance, imports of petroleum gases from Kazakhstan consisted of 34% of the total import volume in 2014. In terms of quantity there was only a 7% decrease, but in terms of value there was a nearly 50% decrease in 2015 compared with 2014.[16]

Figure 1: Trade Partnership Ranking with Kazakhstan (1992-2015)

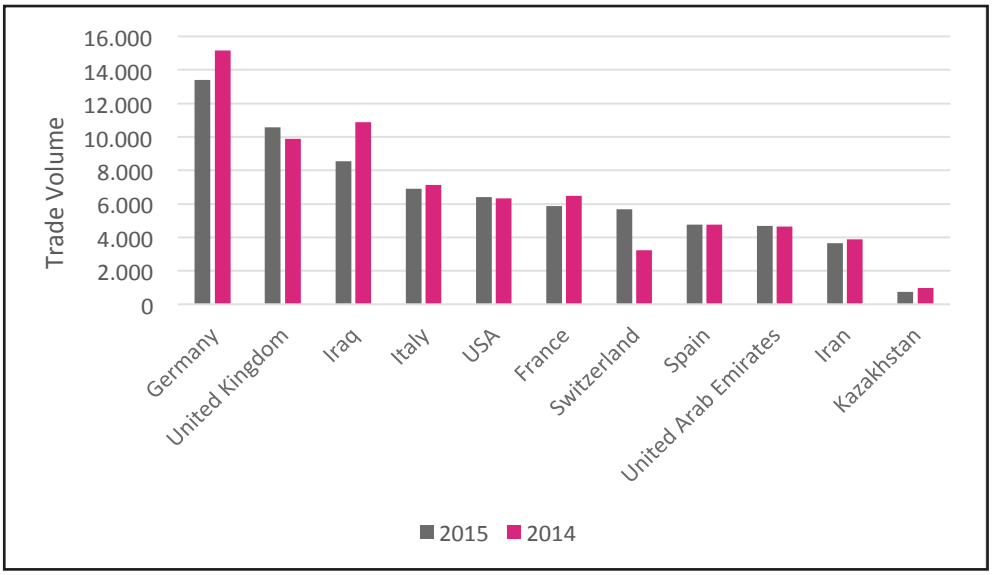


Source: UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

Looking at trade partnership ranking by years, the figures show that Kazakhstan is one of Turkey's top 40 trade partners. In accordance with the growth rate dynamics of export and import, Kazakhstan's ranking changes

significantly. Compared with the early 1990s, Kazakhstan's ranking has shown a significant increase. Within the Central Asian region, bilateral trade relations have grown over the years and Kazakhstan became Turkey's largest trade partner in 2015.[17]

Figure 2: Top Export Partners of Turkey 2015 in million US$)



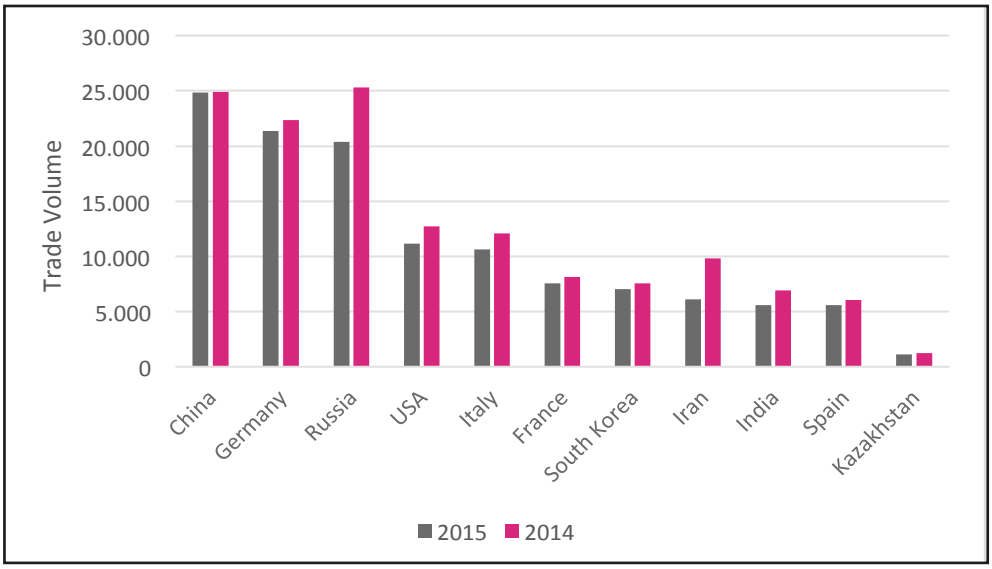
Source: UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

Turkey's top 10 export partners reveal Turkey's strong trade relationships with mostly European countries, 6 out of 10, entering the list in 2015. Germany is the major export destination country even though the export volume decreased by US$ 1.7 billion in 2015 from US$ 15.1 billion to US$ 13.4 billion, while exports to the United Kingdom (UK) increased by 6.6% in 2015, allowing the UK to stay in second

The top 10-trade partner list also shows that Turkey has strong trade relations with other neighboring and near abroad countries like Iraq, the United Arab Emirates and Iran, alongside the developed economies in the world.

place. In addition, Switzerland, with a 76.9% increase in 2015, entered the list by climbing 4 steps up to 7th place. The top 10-trade partner list also shows that Turkey has strong trade relations with other neighboring and near abroad countries like Iraq, the United Arab Emirates and Iran, alongside the developed economies in the world[18]. Among Turkey's top export partners, in 2014 Kazakhstan took 35th place, and in 2015 it was positioned in 38th place.

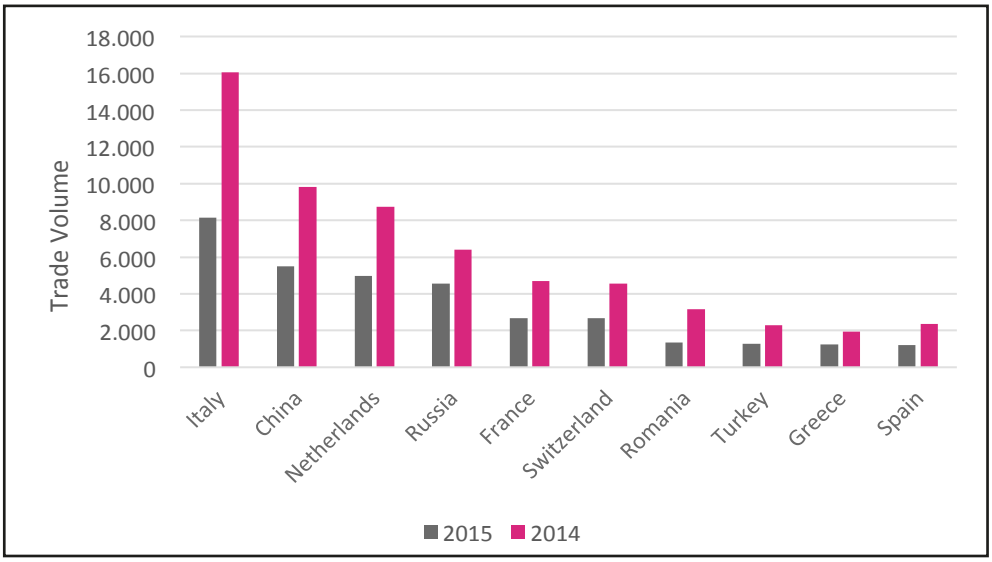
Figure 3: Top Import Partners of Turkey 2015 (in million US$)



Source: UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

Import figures show that Turkey's import partners are diverse, with four European top export partners also constituting Turkey's top import partners, though with different rankings. For instance, Germany stayed in the top 3, France maintains its 6th position, and Spain falls to 10th place. In addition, since 2006 Russia had been Turkey's top import partner, but in 2015, imports from Russia sharply fell and China took the leadership. Looking at the top 10, it could be seen that the total import volume of the top 3 is significantly higher than the entire rest of the group, as a combination of imports from China, Germany and Russia constituted 23% of Turkey's total import volume for 2015.[19] Among Turkey's top import partners, in 2014 Kazakhstan took 35th place and in 2015 it was positioned in 37th place.

Figure 4: Top Export Partners of Kazakhstan 2015 (in million US$)

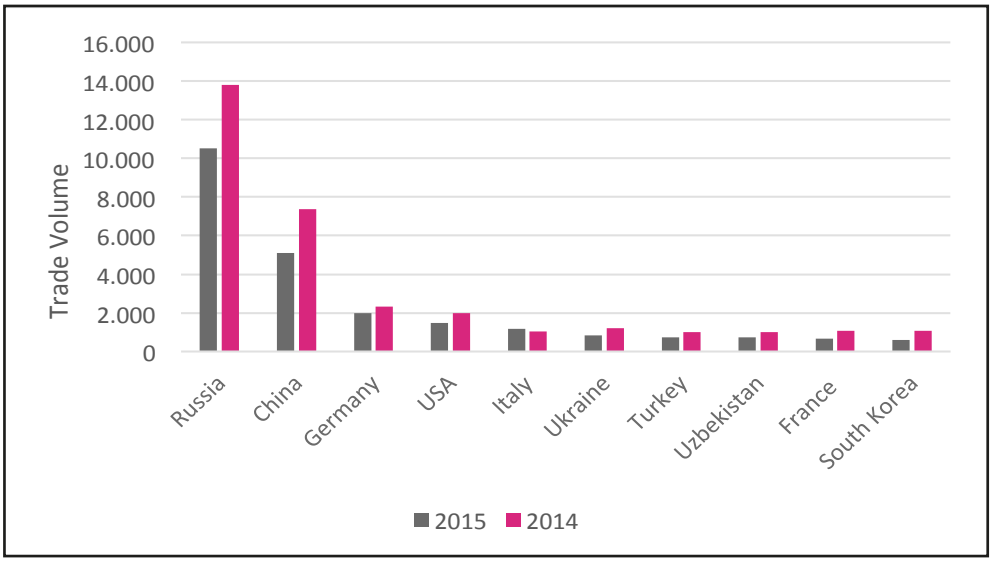


Source: UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

The figure also reveals that there was a significant decrease in Kazakhstan's export volume mainly due to the sharp fall in oil prices in 2015, which reduced the revenues from oil exports. Among Kazakhstan's top export partners, in 2015 Italy was the top export partner while China was second, Russia was fourth, and Turkey was positioned in eighth place. At that point, even though the export volume decreased, Turkey had climbed two steps up from tenth place in 2014. Moreover, an interesting point is that in terms of export destinations, Kazakhstan and Turkey share six countries. As for Turkey, Kazakhstan is ranked its 38th export partner, while for Kazakhstan Turkey was the 8th largest export partner in 2015.[20]

Among Kazakhstan's top export partners, in 2015 Italy was the top export partner while China was second, Russia was fourth, and Turkey was positioned in eighth place.

Figure 5: Top Import Partners of Kazakhstan 2015 (in million US$)



Source: UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

For Kazakhstan, Russia and China are valuable import partners since these two countries alone constitute 51% of Kazakhstan's total import volume, while the combination of the rest of the list equals to 27%. The Kazakh and Russian economies have strong relations, which became even more integrated with the establishment of the Eurasian Economic Union in January 2015. Like in the export ranking, despite the decrease in the import volume, Turkey stepped up 2 ranks and was positioned in 7th place in 2015.[21]

The difference in the top trade partner countries between Kazakhstan and Turkey requires a detailed analysis of their trade structure. For this purpose, the trade complementarity index is calculated in the following section.

Trade Complementarity Index (TCI)

In this section, it will be analyzed whether the trade structures of the two countries complement each other. Therefore, the trade complementarity index developed by Michaely will be used.[22] This index shows to what extent the two countries are "natural trade partners". In other words, it expresses how much the import structure of one country overlaps with the export structure of the other. In fact, this index gives important information in order to

see the trade structure of two countries before any trade deal is struck. It is calculated as,

$$TCij = (1 - sum(|mik - xij| / 2))$$

Where xij is the share of good i in the global exports of country j and mik is the share of good i in all imports of country k. The index is zero when no goods are exported by one country or imported by the other and 1 when the export and import shares exactly match.

The trade complementarity index tells us to what extent the reporter country's export pattern matches with its partner country's import pattern. A high degree of complementarity index is assumed to indicate that the two countries would benefit from increasing their trade volume. This index can also be useful to determine the prospects of potential regional trade agreements. TCI ranges between 0 and 1. A score of 1 indicates that the export structure of country i is perfectly matching with its partner country j's import structure while a score close to 0 means that these countries are perfect competitors.[23]

Table 3: Trade Complementarity Index 1995-2015

Years	Turkey-Kazakhstan	Kazakhstan-Turkey
1995	0,32	0,42
1996	0,32	0,37
1997	0,27	0,35
1998	0,22	0,35
1999	0,23	0,37
2000	0,24	0,37
2001	0,27	0,40
2002	0,25	0,43
2003	0,25	0,43
2004	0,24	0,46
2005	0,26	0,47
2006	0,26	0,53
2007	0,27	0,56
2008	0,23	0,50
2009	0,21	0,46

Source: Calculated by authors using SITC Rev.3 from UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

In table 3, the calculations are made for the period of 1992-2015. The Turkey-Kazakhstan part, which looks at whether Turkey's import structure matches Kazakhstan's export structure, reveals low values. This means that Turkey's import structure does not fit very well with the goods exported by Kazakhstan. This indicates that there are some obstacles for traditional export goods of Kazakhstan to be exported to Turkey. At this point, regarding the traditional export goods of Kazakhstan like energy exports, it is important to solve the problems such as the Caspian issue and others.

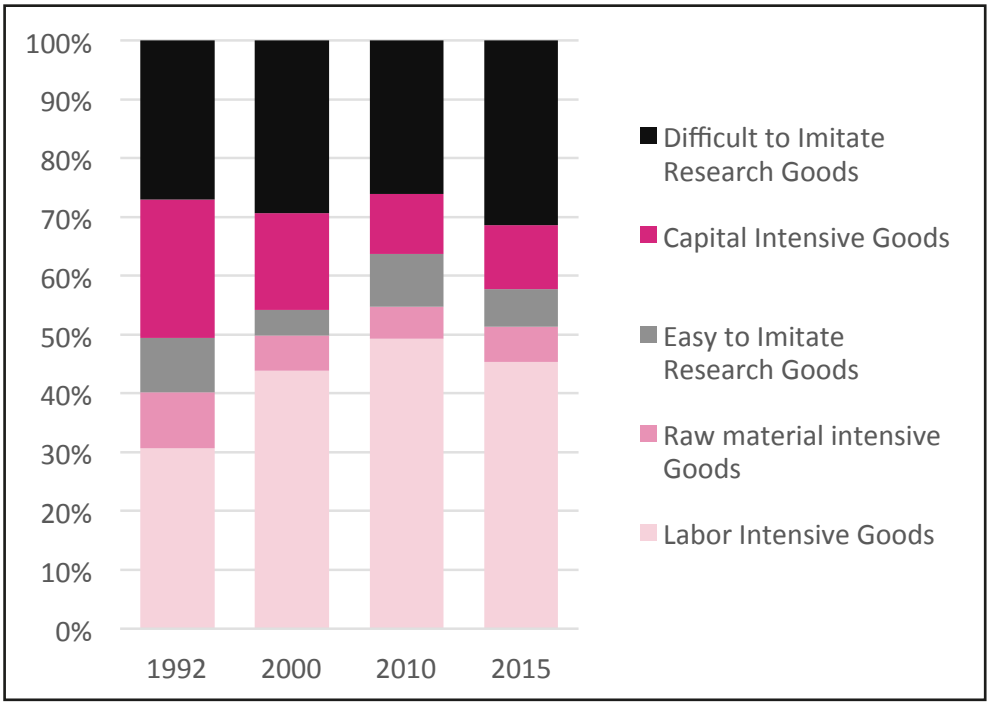
Similarly, the Kazakhstan-Turkey part shows how Kazakhstan's import structure is in line with the Turkey's export structure (or Turkey's export structure with Kazakhstan's import structure). As can be seen in Table 3, the values are higher. This means that Turkey's exported products can be marketed in Kazakhstan. In other words, it can be concluded that the two countries are complementary. Turkey will be able to sell its goods to Kazakhstan, and Kazakhstan will be able to buy the goods it needs from Turkey.

The Structure of Trade between Turkey and Kazakhstan

After the trade complementarity index, the trade structure between Turkey and Kazakhstan can be analyzed in more detail at the industry level. For this purpose, the trade structures of Turkey and Kazakhstan are examined for the period of 1992-2015 by distinguishing raw material intensive industries, labor intensive industries, capital intensive industries, and easy to imitate and difficult to imitate R&D industries[24]. In these calculations, the Standard International Trade Classification (SITC) of the three-digit level data obtained from the UN's Comtrade database were used. A total of 258 industry-level calculations were made: 79 raw materials intensive, 62 labor intensive, 37 capital intensive, 28 easy to imitate R&D and 52 difficult to imitate R&D industries (See Appendix 1).

The trade structures of Turkey and Kazakhstan are examined for the period of 1992-2015 by distinguishing raw material intensive industries, labor intensive industries, capital intensive industries, and easy to imitate and difficult to imitate R&D industries.

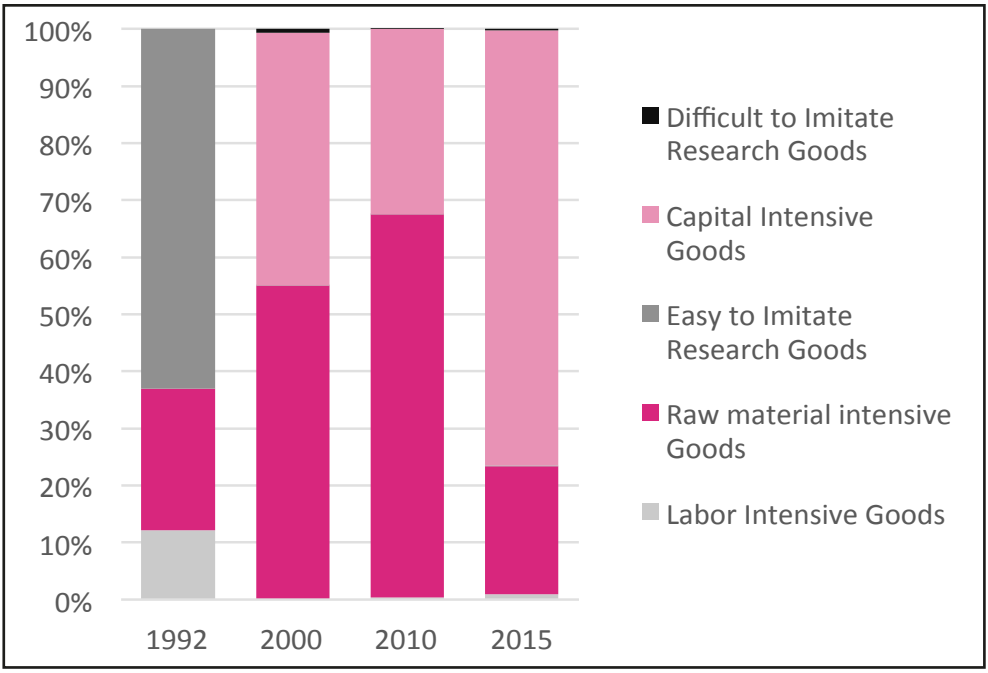
Figure 6: Sectoral Share of Turkey's Export to Kazakhstan 1992, 2000, 2010, 2015 (%)



Source: UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

The sectoral share of Turkey's exports to Kazakhstan indicates that labor intensive goods and difficult to imitate research goods are the most exported products. During the early years of independence in 1992, labor intensive, capital intensive and difficult to imitate research goods where the main three groups, consisting of 82% of the total export amount. However, throughout the years, there was shift from capital-intensive goods to mostly labor intensive goods and slightly to difficult to research imitate goods. Easy to imitate research goods and raw material goods stayed relatively the same, with a slight decrease in 2015. Moreover, over the last five years, another shift has occurred from labor-intensive goods to difficult to imitate research goods. It should be mentioned that labor intensive and difficult to imitate research goods are the largest categories, with continuously increasing shares in Turkey's export to Kazakhstan.[25]

Figure 7: Sectoral Share of Turkey's Import from Kazakhstan 1992, 2000, 2010, 2015 (%)



Source: UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

Turkey's import structure from Kazakhstan is dominated by raw material intensive goods and capital-intensive goods, the clearly dominant categories at 99%. Although in 1992 Turkey imported largely easy to imitate research goods, the share of raw material goods consisted of 24%, and at that time, Turkey did not import any capital-intensive goods. However, since 2000, the share of both groups, especially raw material intensive goods, has increased significantly. Among these, the main imported products are petroleum products (333, 344) in the raw material intensive goods category, and copper in the capital intensive goods category.[26]

Table 4: Top 10 Industries of Turkey's Export to Kazakhstan (SITC 3 digit) 1992, 2000, 2010, 2015 (Million US$)

1992					*2000*				
Type	*Code*	*SITC Industry*	*Value*	*Share*	*Type*	*Code*	*SITC Industry*	*Value*	*Share*
CI-I	781	Motor vehicles excluding buses	2.28	12,8%	DII-I	764	Telecom equipment	11.2	9,6%
DII-I	872	Medical instruments	1.74	9,8%	LI-I	659	Floor covering	9	7,8%
EII-I	542	Medicaments	1.39	7,8%	LI-I	642	Paper	7.3	6,3%
CI-I	783	Road motor vehicles	0.87	4,9%	DII-I	773	Electric distribution	5.94	5,1%
LI-I	821	Furniture	0.78	4,4%	LI-I	691	Metallic structures	5.54	4,7%
DII-I	724	Textile, leather machines	0.69	3,8%	LI-I	811	Prefabricate building	5	4,3%
RMI-I	421	Fixed vegetable fats and oils	0.68	3,8%	LI-I	893	Articles of plastics	4.5	3,8%
CII-I	554	Soap	0.5	2,9%	CI-I	121	Tobacco	4.4	3,8%
DII-I	741	Heating	0.47	2,6%	CI-I	554	Soap	4.4	3,8%
LI-I	658	Textile Articles	0.46	2,6%	DII-I	727	Food Process Machines	3.97	3,4%
2010					*2015*				
Type	*Code*	*SITC Industry*	*Value*	*Share*	*Type*	*Code*	*SITC Industry*	*Value*	*Share*
LI-I	897	Gold	62.4	7,6%	LI-I	897	Gold	40.63	5,4%
LI-I	659	Floor covering	41.5	5%	DII-I	871	Optical Instruments	35.12	4,7%
LI-I	845	Other textile apparel	33.8	4,1%	LI-I	845	Other textile apparel	32.33	4,3%
DII-I	773	Electronic distribution equip.	33.3	4%	LI-I	691	Metallic structures	27.63	3,6%
DII-I	775	Household electric equip.	28.2	3,4%	DII-I	728	Other Machines Industrial	25.94	3,4%
EII-I	583	Monofilament of plastics	27.3	3,3%	DII-I	727	Food process machines	24.88	3,3%
LI-I	893	Articles of Plastics	25.9	3,1%	DII-I	775	Household electric equip.	24.28	3,2%
LI-I	691	Metallic structures	23.8	2,2%	LI-I	821	Furniture	21.82	2,9%
LI-I	821	Furniture	21.5	2,6%	LI-I	659	Floor covering	20.80	2,7%
LI-I	699	Manufactured based metal	20	2,4%	DII-I	773	Electronic distribution equip.	19.56	2,6%

Source: UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

In terms of exports, in 1992 there was a balanced sharing between categories, with capital intensive goods and difficult to imitate goods having the largest shares in terms of number. The total share of the top 10 exported products was equal to 55.2% of the total export amount. After 2000, both the number and share of labor intensive goods in the top 10 significantly increased, while capital intensive goods decreased. For instance, the number of labor intensive goods increased from two in 1992 to five in 2000 and seven in 2010, then falling again to five in 2015. Only difficult to imitate goods show a similar trend. An interesting point is that between the period of 2000-2015, large numbers of products in the top 10 could be used in the construction sector, such as metallic structures, electronic distribution equipment, other industrial machines, household equipment and prefabricated buildings. This could be associated with the construction boom during the 2000s in Kazakhstan, where numerous Turkish construction companies operated. Another point is that although there is a concentration on the export of labor intensive and difficult to imitate goods, in terms of shares, comparing with 1992, the total share of the top 10 products fell from 55.2% to 36.36%, meaning there is an increasing diversification in Turkey's exports to Kazakhstan.[27]

Looking at Turkey's top import goods from Kazakhstan, it can be seen that imports are heavily dominated by raw material and capital intensive goods. Among these categories, petroleum products (333, 344) and copper's share is significantly larger than any other product. For instance, in 2000 the combination of petroleum crude oil, copper and flat irons (673, 674) was equal to 92.9% of Turkey's total imports from Kazakhstan. Moreover, the share of the top 10 reached 99% in 2010, where a combination of petroleum products (333, 344) and copper constituted 79.96%. As for 2015, the structure was the same, with the share of raw material and capital intensive goods equalling 96% of the total import volume.[28]

Conclusion

Kazakhstan has a goal of entering the list of the top 30 economically developed countries in the world by 2050. Turkey aims to enter the top 10 most developed countries in the world by 2023, the 100th year anniversary of its establishment. With its young and dynamic population and its economic performance along with the realization of numerous socio-economic reforms and significant infrastructural investments, Turkey is confident on its path to reach that goal. In short, Turkey

Table 5: Top 10 Industries of Turkey's Import from Kazakhstan (SITC 3 digit) 1992-2015 (Million US$)

1992					*2000*				
Type	*Code*	*SITC Industry*	*Value*	*Share*	*Type*	*Code*	*SITC Industry*	*Value*	*Share*
CI-I	686	Zinc	3.5	34,1%	RMI-I	333	Petroleum oil crude	169	48,85%
CI-I	682	Copper	1.83	17,4%	CI-I	682	Copper	107	31,12%
RMI-I	211	Hides, Skins	1.63	15,5%	CI-I	673	Flat rolled Iron	30.2	8,72%
CI-I	674	Flat plated Iron	1.11	10,5%	CI-I	674	Flat plated Iron	14.5	4,21%
LI-I	263	Cotton	1.08	10,3%	RMI-I	41	Wheat	12.7	3,68%
RMI-I	278	Other Crude Minerals	0.32	3,1%	RMI-I	282	Ferrous waste	4.1	1,20%
RMI-I	322	Briquettes	0.3	2,8%	DII-I	724	Textile leather machines	1.2	0,35%
RMI-I	291	Crude animal materials	0.17	1,6%	RMI-I	222	Oilseed	0.9	0,29%
RMI-I	248	Wood	0.12	1,1%	RMI-I	278	Other Crude Minerals	0.89	0,26%
LI-I	693	Wire products	0.10	0,9%	RMI-I	223	Oilseed other.	0.83	0,24%
2010					*2015*				
Type	*Code*	*SITC Industry*	*Value*	*Share*	*Type*	*Code*	*SITC Industry*	*Value*	*Share*
RMI-I	333	Petroleum oil crude	1078.43	43,6%	CI-I	682	Copper	560	50,4%
CI-I	682	Copper	516.63	20,9%	RMI-I	344	Petroleum gases	205.67	18,5%
RMI-I	344	Petroleum gases	380.89	15,4%	CI-I	686	Zinc	155.68	14%
CI-I	686	Zinc	138.31	5,6%	CI-I	684	Aluminum	80.54	7,2%
RMI-I	41	Wheat	114.98	4,6%	CI-I	685	Lead	39.22	3,5%
CI-I	684	Aluminum	109.32	4,4%	RMI-I	334	Petroleum products	14.56	1,3%
RMI-I	282	Ferrous waste	39.34	1,5%	RMI-I	41	Wheat	8.91	0,8%
CI-I	685	Lead	35.46	1,4%	LI-I	651	Textile Yarn	7.66	0,6%
RMI-I	342	Liquefied propane	28.64	1,1%	RMI-I	342	Liquefied propane	6.76	0,5%
RMI-I	274	Sulphur	5.33	0,2%	CI-I	575	Other plastics	5.97	0,4%

Source: UN Comtrade.com, https://comtrade.un.org/ (last visited 18 January 2017).

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In conclusion, it should be noted that bilateral trade relations between Turkey and Kazakhstan have steadily developed over the years, as Kazakhstan has become Turkey's major trade partner in the Central Asian region. Since 1992, the level of bilateral relations has continuously evolved through signing numerous economic and strategic partnership agreements. However, the potentials and possibilities of Turkey and Kazakhstan make it necessary for both countries to further strengthen their relations in order to increase the trade and investments to higher levels in the coming years. Above all, the decisionmakers of both countries aim to reach an annual foreign trade volume of US$10 billion. Kazakhstan and Turkey have the dynamism, human resources and material potential that would allow both countries to achieve and even surpass this goal.

Appendix 1: SITC Classification
Raw Material Intensive Industries

SITC 0 Food and live animals
SITC 2 Crude materials, inedible, except fuel
SITC 3 Mineral fuels, lubricants and related materials
SITC 4 Animal and vegetable oils, fats and waxes

Labor Intensive Industries

SITC 26 Textile fibres and their wastes
SITC 6 Manufactured goods classified chiefly by material
SITC 8 Miscellaneous manufactured article

Capital Intensive Industries

SITC 1 Beverages and tobacco
SITC 35 Electric current
SITC 53 Dyeing, tanning and colouring materials
SITC 55 Essential oils and resinoids and perfume materials; toilet cleaning preparations
SITC 62 Rubber manufactures, n.e.s.
SITC 67 Iron and steel
SITC 68 Non-ferrous metals
SITC 78 Road vehicles

R&D Industries (Easy to Imitate)

SITC 51 Organic chemicals
SITC 52 Inorganic chemicals
SITC 541 Pharmaceuticals and pharmaceutical products
SITC 58 Plastics in non-primary forms
SITC 59 Chemical materials and products, n.e.s.
SITC 75 Office machines and automatic data-processing machines

R&D (Difficult to Imitate)

SITC 7 Machinery and transport equipment
SITC 87 Professional, scientific and controlling instruments and apparatus, n.e.s.
SITC 88 Photographic apparatus, equipment and supplies and optical goods, n.e.s.; watches and clocks

Endnotes

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