TRENDS AND PROSPECTS OF TRADE AND ECONOMIC COOPERATION BETWEEN KAZAKHSTAN AND ITALY

Nursultanova L.N., Bokayeva A.K., Kasymova A.K.
1 Astana International University, Astana, Republic of Kazakhstan
* E-mail: 2012nura@bk.ru

Abstract

The article discusses the main directions of strategic cooperation between the Republic of Kazakhstan and the Italian Republic in the trade and economic fields. It is emphasized that the strategic partnership between the two countries is based on a solid foundation, and mutually beneficial relations with the Italian Republic, which is the third largest economy in the eurozone, has become a priority of the foreign policy of the Republic of Kazakhstan.

In August 1992, an agreement was signed between the Italian Republic and the Republic of Kazakhstan to establish diplomatic relations. In 2007 the Business Council of Kazakhstan and Italy was created, the Intergovernmental Working Group on Industrial and Economic Cooperation and Exchange also operates.

During this period the two states were able to raise the level of bilateral relations to a strategic partnership, went through formation, development and transformation and are looking for reserves to continue effective multilateral cooperation. The need for research is due to a number of factors. Firstly, for Italy, as a country with an open economy, the market of Kazakhstan and Central Asia is an important platform for promoting its goods and services. Secondly, establishing multilateral relations between the two countries is in the interests of both the European Union and the Eurasian integration. Thirdly, the participation of Italy and Kazakhstan in achieving common goals on the world stage within the UN and the OSCE contributes to an understanding of the goals of foreign policy and constructive dialogue. Kazakhstan is interested in Italy’s experience in the development of small and medium-sized enterprises; we are talking about combining efforts in creating new enterprises in various fields.

The relevance of the article lies in the fact that Kazakhstan and Italy build their relations on alliance and respect for national interests and understand the importance of strategic interaction, which will only increase in connection with the integration processes taking place in Europe and the Eurasian space. Today large-scale political transformations are being carried out in Kazakhstan. The Head of our state has proposed a program of reforms aimed at modernizing the political system, improving mechanisms for protecting human rights, and building a New Kazakhstan. In this context the dynamic relationship with the Italian Republic makes an important contribution to the implementation and promotion of the reforms carried out in our country.

Kazakhstan intends to continue to pursue a foreign policy aimed at comprehensively strengthening and developing the strategic partnership with Italy.

Keywords: Kazakhstan, Italy, foreign policy, trade, investments.
ҚАЗАҚСТАН МЕН ИТАЛИЯ АРАСЫНДАҒЫ САУДА-ЭКОНОМИКАЛЫҚ БІНТЫМАҚТАСТЫҚТЫҢ ТЕНДЕНЦИЯЛАРЫ МЕН БОЛАШАҒЫ

Нұрсұлтанова Л.Н.1, Бокаева А.К.1, Қасымова А.К.1*

1*Астана халықаралық университет, Астана, Қазақстан Республикасы
2012nura@bk.ru

Аннотация

Макаланың әсәртілігі Қазақстан мен Италия қарым-қатынастарының қалыптасуы және дамуын және Еуропа мен Еуразия кеңістігінде болмайтын. Макала Қазақстан Республикасы мен Италия арасындағы қарым-қатынастың стратегиялық ынтымақтастықтарын, стратегиялық қауіпсіздік үдерістерді құрастыру үшін қажеттілік ең қажетті әріптестік дәл орнын қолданады. Ең аз қарым-қатынастардың қалыптасуы құрылған қауіпсіздік саласын және стратегиялық пайдалану мүмкіндіктерін қамтамасыз етеді.


Осы кезеңде екі мемлекет арасындағы қарым-қатынастардың стратегиялық әріптестік дәл орнын қолданыстыру үшін қажеттілік ең қажетті әріптестік дәл орнын қолданады. Ең аз қарым-қатынастардың қалыптасуы құрылған қауіпсіздік саласын және стратегиялық пайдалану мүмкіндіктерін қамтамасыз етеді.

Түйінді сөз: Қазақстан, Италия, саясат, сауда, инвестициялар.

ТЕНДЕНЦИИ И ПЕРСПЕКТИВЫ ТОРГОВО-ЭКОНОМИЧЕСКОГО СОТРУДНИЧЕСТВА МЕЖДУ КАЗАХСТАНОМ И ИТАЛИЕЙ

Нурсултанова Л.Н.1, Бокаева А.К.1, Қасымова А.К.1*

1*Международный университет Астана, Астана, Республика Казахстан
2012nura@bk.ru

Аннотация

В статье рассматриваются основные направления стратегического сотрудничества Республики Казахстан и Итальянской Республики в торгово-экономической области. Подчеркивается, что стратегическое партнерство двух стран нацелено на прочное сотрудничество, а экономические отношения с Итальянской Республикой, являющейся третьей по величине европейской страны, стали приоритетом внешней политики РК.

В августе 1992 г. было подписано соглашение об установлении дипломатических отношений между Республикой Казахстан и Итальянской Республикой. В 2007 г. был создан Деловой Совет Казахстана и

Түйінді сөз: Казахстан, Италия, сауда, инвестициялар.
Италии, также действует Межправительственная рабочая группа по промышленному и экономическому сотрудничеству и обмену.

За этот период два государства смогли поднять уровень двусторонних отношений до «стратегического партнёрства», прошли становление, развитие и трансформацию, а также ищут резервы для продолжения эффективного многостороннего сотрудничества. Необходимость исследования обусловлена рядом факторов. Во-первых, для Италии как страны с открытой экономикой рынок Казахстана и Центральной Азии является важной площадкой для продвижения своих товаров и услуг. Во-вторых, налаживание многосторонних отношений между двумя странами отвечает интересам, как Европейского Союза, так и евразийской интеграции. В-третьих, участие Италии и Казахстана в достижении общих целей на мировой арене в рамках ООН, ОБСЕ способствует пониманию целей внешней политики и конструктивного диалога. Для Казахстана интересен опыт Италии в развитии малого и среднего бизнеса, речь идет об объединении усилий в создании новых предприятий в различных сферах.

Актуальность статьи заключается в том, что Казахстан и Италия свои отношения строят на союзничестве и соблюдении национальных интересов, а также понимают важность стратегического взаимодействия, которое будет только возрастать в связи с интеграционными процессами, происходящими в Европе и на евразийском пространстве. Сегодня в Казахстане проводятся масштабные политические преобразования. Глава нашего государства предлагает программу реформ, которые затрагивают сферу модернизации политической системы, совершенствование механизмов защиты прав человека и, в целом, построение Нового Казахстана. В этом контексте динамичные отношения с Италией вносят важный вклад в реализацию и продвижение реформ, проводимых в нашей стране.

Внешнеполитический курс Казахстана в дальнейшем будет также направлен на развитие стратегического партнерства и всестороннее укрепление отношений с Италией.

Ключевые слова: Казахстан, Италия, политика, торговля, инвестиции.

Introduction

The defining stage in the study of the main trends in cooperation between Kazakhstan and Italy can be considered the work of domestic scientists who developed methodological problems of the foreign policy of the Republic of Kazakhstan. The interaction of countries in economic projects should develop into closer relations in other areas, such as culture, education, the science. Historical aspects of the foreign policy of the Republic of Kazakhstan are considered in the works of domestic scientists, characterizing the features of the institutional design of cooperation between Kazakhstan and entities of the international community, including the European Union (EU). Unfortunately, there are few generalizing works on investment cooperation between the Republic of Kazakhstan and the EU. We will focus on a brief overview of articles for 2022-2023.

Seyitkali D., Kayyrken A. in the article “Foreign Policy of the Republic of Kazakhstan in the Works of Domestic Scientists” provide a historiographical review of monographs on the foreign policy activities of our state over the years of sovereignty, while noting the historical and chronological principle of constructing the content of their works. The Republic of Kazakhstan has established itself in the international arena as an active subject of international relations, makes a real contribution to strengthening regional and global security, takes the initiative in resolving international conflicts, such as Nagorno-Karabakh, Tajikistan, Syria, providing a dialogue platform [1, c.164-176].

Temirbaev Zh., Zagal K., Akhmetzhanova S. in the article “Investment climate of Kazakhstan: trends and changes” analyzed the investment policy of the Republic of Kazakhstan and state measures aimed at attracting foreign investment. We developed recommendations to improve the investment climate in Kazakhstan and solve existing problems. An innovation is the launch of an online platform for informing investors in Australia, Austria, Brazil, Germany, Italy, and Kazakhstan [2, c.64-82].
American political scientists Cohen A. Hill W. Whit D. in their work note that the Central Asian republics have energy potential that is interesting to the West not only for oil supplies, but also for uranium and gas [3].

The methodological basis for writing the article was systemic and general scientific methods, as well as methods of historical analysis and forecasting. A small number of scientific publications are devoted to issues of Kazakh-Italian relations. Among them, works should be mentioned. The source base of the article consists of official materials and documents on the formation and evolution of bilateral relations, including statements and speeches by the presidents of Italy and Kazakhstan, official reports on the results of visits and negotiations at the highest level, data from foreign trade statistics of Kazakhstan, publications in Italian and Kazakh media on various aspects of bilateral relations. The identification of forms and patterns, features and prospects of real processes of cooperation between the two states is associated with scientific understanding of the problems of interaction. Mainly, this work focuses on the interaction between the two countries: from the beginning of the 90s until the visit of President K.-J.K. Tokayev to Italy. The article uses a comparative historical method, since cooperation is examined in a historical trajectory and considered in the context of historical events that took place during the period under study.

Modern works of domestic and foreign scientists were used as research materials. The scientific novelty lies in the use of archival materials from the funds of the Archive of the President of the Republic of Kazakhstan, which reflect the formation and development of bilateral relations. The significance of modern political-diplomatic, trade-economic, scientific-cultural ties and the convergence of positions on international relations can become an important trend in modern communications.

The research is interdisciplinary in nature, based on various methods. Modern scientific developments are concentrated around such thematic blocks as international diplomacy, cultural and humanitarian interaction, analysis of the current and economic situation in different countries. The practical value of the research work lies in the fact that it can be used in seminar classes in the disciplines “History of International Relations”, “Global Governance”, “Developed and Developing Countries” taught in higher educational institutions.

**Research methods**

Kazakhstan today is interested in the experience of developing the leading sectors of the Italian economy: mechanical engineering, metallurgy, chemical, food and light industries, furniture production, tourism. Italy has serious innovative potential in alternative energy, science and education. Joint cooperation in high-tech industries would further strengthen our partnership.

Over 30 years, the volume of Italian investments in the economy of Kazakhstan amounted to more than $15 billion. Both countries understand the need to converge positions on key issues on the international agenda and advocate strengthening interaction on the world stage based on the principle of mutual respect.

In order to identify promising areas of cooperation between the two countries the authors studied openly available official documents of bilateral meetings in the field of trade and economic cooperation, meetings of the Kazakhstan-Italy Business Council. When writing this article, the authors also used analytical materials and notes from the Archive of the First President of the Republic of Kazakhstan. In addition, official statements, notes and statistical data provided by the Ministry of Foreign Affairs of the Republic of Kazakhstan and other relevant departments and ministries were analyzed. This made it possible to trace the evolution
of bilateral trade and economic relations and identify strategic and most promising directions for their further development.

Results and discussion

The legal framework for bilateral cooperation includes 20 agreements, the key of which are the Declaration of Cooperation (1994); Treaty of Friendship and Cooperation (1997); Agreement on cultural and scientific cooperation (1997); Strategic Partnership Agreement (2009, entered into force in 2011); Agreement on military cooperation (2012).

Since the independence of the Republic of Kazakhstan, Italy has been one of the leading trading partners of Kazakhstan. Bilateral trade and economic cooperation is developing in such important areas as industrial and agricultural engineering, agricultural production and others.

Let us note that the negotiations between the two countries in 1998 became a significant advance in bilateral relations, since the existing contractual framework made it possible to talk about deepening mutually beneficial cooperation. Major media outlets such as La Stampa, La Republica, the European Courier magazine, the national news agency ANSA, and the journalistic agency AGI noted Kazakhstan’s desire to develop partnerships with Italy. This was facilitated by modern technologies and highly efficient production of Italy, raw materials and human resources of Kazakhstan. The two countries are interested in promoting Kazakh products to the European market, such as steel, ferrous and non-ferrous metals [4, c.62].

In June 1999 a conference “Presentation of Kazakhstan” was held in Italy, during which meetings and negotiations took place between the Minister of Agriculture of the Republic of Kazakhstan S. Kulagin and the President of IFAD (International Fund for Agricultural Development) Fawzi Ul-Sultan and representatives of 22 Italian companies interested in cooperation in the field of production and processing agricultural products. The range of services offered by the companies was very diverse: from the supply of equipment and technology, technology exchange to the creation of joint ventures and the implementation of turnkey projects according to the “from field to counter” scheme [5, c.114].

On February 16, 2018, the delegation of the Baiterek holding, led by Deputy Chairman of the Board G. Tadzhiyakov, took part in a meeting of the intergovernmental Kazakh-Italian working group on industrial and economic cooperation. As a result of the meeting, a decision was made to create a Kazakh-Italian Business Council. In addition, representatives of Baiterek took part in the Kazakh-Italian business forum, held bilateral meetings with representatives of the national association of pasta AIDEPi, the banking group UBI Banca, the credit and financial organization Finest, the large industrial holding Leonardo, as well as the state corporation Cassa depositi e prestiti Group. The forum presented projects of the holding’s subsidiaries - the Development Bank of Kazakhstan, the Damu Fund and the Kazakhstan Project Preparation Fund.

It should be noted that bilateral trade turnover between Kazakhstan and Italy in 2017 amounted to $9.615 billion. At the end of 2016 Italy took second place among the countries that are trading partners of the Republic of Kazakhstan and first among European countries. According to the National Bank of the Republic of Kazakhstan, for 2005–1st quarter of 2017, the volume of direct Italian investments in the economy of Kazakhstan amounted to $5.76 billion [6].

On June 9, 2021, a Kazakh-Italian business forum was held, where the prospects for investment cooperation and opportunities for interaction in the areas of green economy, agro-industrial sector and industrialization were discussed. The event was organized by the foreign ministries of the two countries with the assistance of the General Confederation of Italian Industry “Confindustria”, the ICE Agency, the national company “Kazakh Invest” and the NCE
“Atameken”. The forum was opened by the Deputy Prime Minister - Minister of Foreign Affairs of the Republic of Kazakhstan M. Tleuberdi and the Minister of Foreign Affairs and International Cooperation of the Italian Republic Luigi Di Mario.

In his speech, M. Tleuberdi noted that since 1992, Italian companies have invested about $9 billion in our country in the United States and a total of more than 270 enterprises with Italian capital are successfully operating in Kazakhstan. Particularly noted was the contribution to the Kazakh economy of the Italian transnational company ENI, which has been present in our country since 1992 and has implemented a number of important projects in the sector of oil and gas. At the same time, in recent years, new projects in the field of renewable energy sources have been successfully implemented in Kazakhstan, such as the construction of a wind power plant in the Aqtobe region and a solar power plant in the Turkestan region.

About 600 Kazakh and Italian businessmen took part in the event. Projects in such sectors of the Kazakh economy as agriculture, renewable energy sources, mechanical engineering and others were presented to Italian investors. They welcomed the planned launch in the near future by the Italian company NEOS of a direct flight between Milan and Almaty. This air service should make a significant contribution to the development of business and tourist relations between the two countries" [7].

Prime Minister of Kazakhstan Smailov A. met with the Deputy Chairman of the Council of Ministers - Minister of Foreign Affairs and International Cooperation of Italy Antonio Tajani, who was in the Republic of Kazakhstan on an official visit in September 2023. The parties discussed current issues of cooperation in mechanical engineering, energy, including in the field of development renewable sources, as well as in the agro-industrial sector, education and other areas. Our country is ready to increase the export of Kazakh products to Italy for 110 product items worth over $900 million. Investment interaction between our countries is supported be new joint projects. The Prime Minister emphasized, that Kazakhstan is interested in further expanding this cooperation,

Antonio Tajani also outlined Italy's interest in increasing its trade presence in Kazakhstan, in particular in the clothing industry. In addition, he noted the importance of the opening of a new Italian Institute of Culture in Almaty, which will help increase student exchange between the two countries [8].

According to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, for January - October 2022, the total trade turnover between Kazakhstan and Italy amounted to $13 billion and this figure is 66.3% higher than for the same period in 2021, in including, exports from Kazakhstan to Italy in ten months of 2022 increased by 70.6% and amounted to $12.2 billion.

As of January 1, 2022 266 enterprises with Italian participation are successfully operating in Kazakhstan, including 254 small, 7 mediums and 5 large enterprises, and more than 400 companies have trade relations with the Republic of Kazakhstan. Enterprises are mainly engaged in the fields of construction, trade and scientific and technical activities.

In accordance with data from the National Bank of the Republic of Kazakhstan, for the period 2015 – June 2022. The gross influx of investment from Italy to Kazakhstan amounted to more than $1.3 billion.

In May 2021, the Country Investment Program for Italy for 2021-2023 was approved, within which 7 targeted industries and 44 targeted Italian companies were identified.

On March 26, 2021, in Kostanay, an agreement was signed between the Italian transnational holding SDF group and Agromash Holding KZ JSC on the joint production of
agricultural tractors and combines under the Duetz-Fahr brand under the “Made in Kazakhstan together with Italy” brand.

On June 9, 2021, the Italy-Kazakhstan business forum was held with the participation of the Ministers of Foreign Affairs of Kazakhstan and Italy and more than 700 representatives of companies from Italy and Kazakhstan.

In July 2021, a joint venture PetrolValves Kazakhstan was created between the Italian international company PetrolValves group S.p.A. and the Kazakh company Merlion Development group LLP for the production of valves and compressor technologies.

June 1, 2022 in Rome with the participation of the Deputy Prime Minister - Minister of Foreign Affairs of the Republic of Kazakhstan M. Tleuberdi hosted the event “Economic and Investment Partnership Italy-Kazakhstan”. On December 9, 2022, the Kazakhstan-Sicily business forum on the topic “Investment opportunities in Kazakhstan” was held in Sicily. On December 13, 2021, a Kazakh-Italian business forum was held in Milan on the topic “Investment attractiveness of Kazakhstan and the development of economic cooperation between Kazakhstan and Italy during the pandemic”.

Italy is one of the important European investors in the domestic developing economy of Kazakhstan. Kazakhstan exports agricultural products, rare earth metals used in the chemical industry, and coal to Italy. “We highly appreciate the results of our bilateral relations. We intend to continue to create favorable conditions for their work. At the same time, it is necessary to give additional impetus to the development of cooperation not only in the economic sphere but also in many other areas such as culture and tourism. The trade volume exceeded $14.5 billion. We expect that the foreseeable future the trade turnover between our countries will reach $20 billion. Italy is one of the main investors in the economy of Kazakhstan. There are about 300 Italian companies in our market including Eni which is the flagship company. We highly appreciate the results of our bilateral relations. We intend to continue to create favorable conditions for their work. At the same time, it is necessary to give additional impetus to the development of cooperation not only in the economic sphere, but also in many other areas, such as culture and tourism. I am confident that cooperation between Kazakhstan and Italy will be very fruitful,” - said President K.-J.K. Tokayev during a meeting with the President of the Italian Republic Sergio Mattarella [9].

During the visit, an Italian-Kazakh business forum was held, at which representatives of the business community discussed future joint projects. At the investment forum, they agreed to launch three new joint ventures. In the next five years, a gas processing plant will be built in the Mangistau region, a sulfuric acid plant in the Turkestan region, and an enterprise for the production of thermal insulation materials in the Aktobe region. At the meeting, the parties signed 18 documents totaling more than $1.5 billion.

Also during the negotiations, they discussed the prospects for cooperation on the development of the Trans-Caspian International Transport Route (TITR), which is important for both the countries of the European Union and the Central Asian Republics. Joint cooperation has attractive opportunities for the two parties in the oil and gas sector, “green” energy, construction, processing. Following the meeting, the parties adopted a joint statement. Seven cooperation agreements were signed to improve commercial standards and practices.

A number of large investment projects with the participation of Italian companies are being successfully implemented in the republic, such as a wind power plant in the Aktobe region, the production of tractors and combines in the Kostanay region. RK sends valuable raw materials to Italy, from there it receives an extensive line of goods, ranging from clothing and shoes to furniture, medicines, and cosmetics. Kazakhstan sells oil and petroleum products, and
such trade is at least unfair, and often destructive for the economy of our country. Kazakhstan and Italy have different economic and monetary interests, especially related to the risks of supplies through the Caspian Transport Corridor (CTC).

However, there are certain costs in bilateral trade. Let us note that Kazakhstan is not a financial and technological center and, accordingly, does not have a sufficient institutional base for broad and equal cooperation. Kazakhstan’s task is to ensure a constant influx of currency into the country, and this flow must constantly exceed the outflow of funds, which, however, was not observed at the end of 2023.

There is a certain opinion that Kazakhstan has a narrow market, which makes the country unattractive for investment. Apart from oil and gas in four regions in the west of Kazakhstan, which are the locomotive of the Kazakhstan economy, as they attracted up to 90% of the foreign exchange flow into the country since independence, there is nothing much to offer [10, c.213]. But at the same time, perhaps the prospects will change if the Italians see the potential for redirecting cash flows and managing projects in Russia through Kazakhstan. However, at the moment it is too early to talk about this, says economist Nurtazin A. [11].

Conclusion

The successful establishment and development of relations between Kazakhstan and Italy was due to the formation of a legislative and legal framework, improvement of multilateral and friendly relations and understanding of the need for mutually beneficial relations. The strategic level of Kazakh-Italian cooperation was largely achieved thanks to the personal efforts of the Presidents of the two countries. Political cooperation between Kazakhstan and Italy is characterized by dynamism and effectiveness, the reason for which was the coincidence or similarity of the approaches of the two countries to key global problems. The cornerstone of interaction is trade and economic cooperation. However, the parties do not fully use the available reserves to build up bilateral trade and economic ties.

The development of bilateral relations is inextricably linked with strengthening transport links, introducing digital technologies and attracting investments for sustainable and balanced growth. Industries such as agricultural processing, the petrochemical sector, and tourism have significant investment potential. When expanding economic cooperation between countries, ensuring transparency is of particular importance joint investment projects. It is necessary to actively develop a dialogue between the expert and business communities to discuss investment cooperation projects. Investment projects should be aimed at the exchange of experience and the transfer of knowledge between Kazakhstan and Italy, which may include training of local personnel, technology transfers and joint research projects that help strengthen contacts. Openness of information about projects also plays an important role; the parties could demonstrate their readiness for responsible and sustainable development.

The launch of new projects in various areas creates the basis for sustainable trade and economic growth. At the same time, the integration of digital technologies, e-government and financial innovation is becoming a key factor for increasing the efficiency of economic development. The investment attractiveness of Kazakhstan, its potential and unique industries, such as agriculture, the petrochemical industry and tourism, provide opportunities to attract external investment. All these measures will create a sustainable and mutually beneficial partnership between Kazakhstan and Italy.

Cooperation between the parties in the cultural and humanitarian sphere is developing dynamically: in the field of education and culture, while at the same time there was an increase in both its quantitative and qualitative parameters. Relations are at the highest level and correspond to the spirit of strategic partnership. Our countries are making a significant
contribution to strengthening European and Eurasian integration, and the people of Kazakhstan and Italy look to the future with faith and optimism.

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