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Republic of Kazakhstan: Selected Issues and Statistical Appendix

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REPUBLIC OF KAZAKHSTAN

Selected Issues and Statistical Appendix

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Approved by the European II Department

November 17, 2000

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Kazakhstan: Basic Data

Social and demographic indicators

Area	2,717,300 sq. km.
GDP per capita (in dollars in 1999)	1,071
Population (1999)	14.9 million
Life expectancy at birth	65 years
Infant mortality rate (1999)	22 per thousand
Hospital beds per 1,000 inhabitants	99.8

	1995	1996	1997	1998	1999
			(Percentage change)		
Real GDP	-8.2	0.5	1.7	-1.9	1.7
Consumer prices 1/	60.4	28.6	11.3	1.9	18.1
Broad money	106.1	13.8	32.3	-14.1	83.4
Monetization ratio 2/	11.6	9.8	10.3	8.7	14.1
Money multiplier	1.8	1.8	1.6	1.8	2.1
			(In percent)		
3-month treasury bill rate 3/	173.8	38.0	17.6	25.8	16.3
			(In percent of GDP)		
Government revenue and grants	16.9	13.2	13.3	18.3	18.6
Government expenditures	20.1	18.6	20.1	26.0	24.0
Overall balance (cash basis)	-2.7	-5.3	-6.9	-7.7	-5.3
			(In millions of U.S. dollars)		
Current account balance	-518.0	-750.0	-803.0	-1,225.0	172.0
Current account balance (in percent of GDP)	-1.3	-3.6	-3.5	-5.6	1.1
Gross official reserves	1,660.0	1,980.1	2,244.0	1,967.0	2,002.7
Gross official reserves (in months of imports) 4/	3.3	3.1	3.2	3.5	3.3
			(In tenge per U.S. dollar)		
Exchange rate (period average)	61.1	67.8	75.6	78.6	118.9
			(In billions of tenge)		
GDP	1,014	1,416	1,672	1,721	1,893

Sources: Kazakhstani authorities; World Bank, World Development Indicators; and Fund staff estimates.

1/ December-to-December.
2/ Defined as broad money divided by GDP.
3/ Fom April 1999 onward, 3-month government securities are denominated in U.S. dollar and thus there is a break in series.
4/ Good and nonfactor services.

I. Key Aspects of Fiscal Vulnerability in Kazakhstan[1]

A. Introduction

1. Since the start of the transition and up to 1999, the government of Kazakhstan had accumulated a sizable stock of debt used to finance successive public deficits. Moreover, owing to the impact of two external shocks in 1998, the Russian crisis and the fall in price of oil and other commodities, net debt rose sharply to reach 31 percent of GDP at the end of 1999. However, thanks to a recovery in the oil price and a phasing out of the effects of the Russian crisis, and as the authorities have prudently managed the windfall from significantly higher revenues from oil, the fiscal position has improved remarkably. Following this turnaround, the issue of fiscal vulnerability needs to be reassessed.[2] After an analysis of the recent trends in the fiscal position of general government, this section shows that the single most important element of vulnerability is the price of oil and that barring any dramatic fall in oil prices, the potential risks that could jeopardize the fiscal sustainability in Kazakhstan are limited. Finally, a set of policy recommendations for limiting the impact of the oil price on the fiscal position are suggested.

B. Recent Trends in the Fiscal Stance

2. **While data on the general government fiscal position show a marked improvement, an analysis of the underlying fiscal position which is derived by adjusting the revenue numbers from the oil sector for deviations in long run oil prices indicates a deterioration in the fiscal stance.** Owing to high international oil prices and the rapid rebound of the economy following the Russian crisis in 1998,[3] the general government position on a cash basis is projected to be almost balanced for this year while the primary position is projected to show a surplus of 1.5 percent of GDP. However, this number is not a good indicator of the fiscal stance as revenues from the oil sector represent a significant share of total revenues and consequently, the fiscal position is largely dependent on the oil price. Therefore, instead of using projected budget deficit numbers for 2000, the initial fiscal stance will be assessed based on deficit numbers adjusted for the difference between the average price of oil in 2000 and a long run price of oil defined here arbitrarily as the average price for the last 15 years.[4] According to this methodology, the underlying overall cash deficit of the

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[1] Prepared by István P. Székely, Paul Mathieu and Paul Ross.

[2] The analysis of fiscal vulnerability in the paper follows the methodology suggested in Hemming and Petrie (2000) which recommends that the initial fiscal stance should be assessed on the projections for the current year.

[3] According to the latest WEO projections, the average price of oil on international markets will be $29 per barrel in 2000. Economic growth in the first half of 2000 was 10.5 percent (year-on-year), and for the year as whole, it is projected at 8 percent.

[4] The average price of oil was calculated in 1999 U.S. dollars for the period 1985–99. The average calculated this way is $20.35 per barrel, which in current dollars is $20.77 per barrel for 2000.

general government in 2000 has deteriorated from an underlying fiscal deficit of 3.1 percent of GDP in 1999 (with a primary deficit at 2.0 percent) to 3.8 percent projected for this year, with a primary deficit of 2.2 percent, reflecting some limited spending of the revenue windfall.

3. **The decomposition of the general government position shows that the relative deterioration of the underlying fiscal position was due to central government policies and that subnational governments have run a balanced position**. After adjustment for deviation of the oil price from a long run average, the underlying overall deficit of the central government is estimated at 3.4 percent of GDP in 2000, with a primary deficit of 1.8 percent of GDP. For subnational governments, the underlying overall and primary deficits are both around 0.4 percent of GDP.[5]

C. Oil Price and Fiscal Vulnerability

4. **Since Kazakhstan is a major oil producing and exporting country, the fiscal position is becoming dependent on revenues from the oil and gas sector and is therefore volatile.** During the last four years, for which comparable general government data are available, the share of general government tax revenue[6] in GDP fluctuated between 16.9 percent in 1998 and 21.1 percent projected for 2000. In the first quarter of 1999, the share of general government tax revenue was 14.9 percent of GDP, while it reached 20.1 percent in the first quarter of 2000.[7] While the share of other tax revenues remained rather stable, at around 15 percent of GDP since 1998, the large variation in the overall level of tax revenue is mainly explained by the volatility of corporate income tax (CIT) due to fluctuations in oil and commodity prices.[8] After reaching 0.9 percent of GDP in 1999, estimated revenues from the oil sector for 2000 are 6.1 percent of GDP. Due to the rapid increase in the share of the oil sector in the economy, the price of oil is becoming the most important factor explaining the volatility of government revenues in Kazakhstan.

D. Indebtedness and Sustainability

5. **Both the level and composition of net public debt are not currently a major source of fiscal vulnerability in Kazakhstan.** Moreover, thanks to its holdings in the oil and gas sector, Kazakhstan has potential sizable non liquid assets which it can dispose of. However, despite the introduction of a new system of monitoring guarantees which will

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[5] Subnational governments have negligible interest expenditures.

[6] The numbers on tax revenues mentioned here refer to consolidated general government, which for 1997–98 includes the extra budgetary funds, and are corrected for tax policy changes during the period under investigation using tax rates prevailing in 2000.

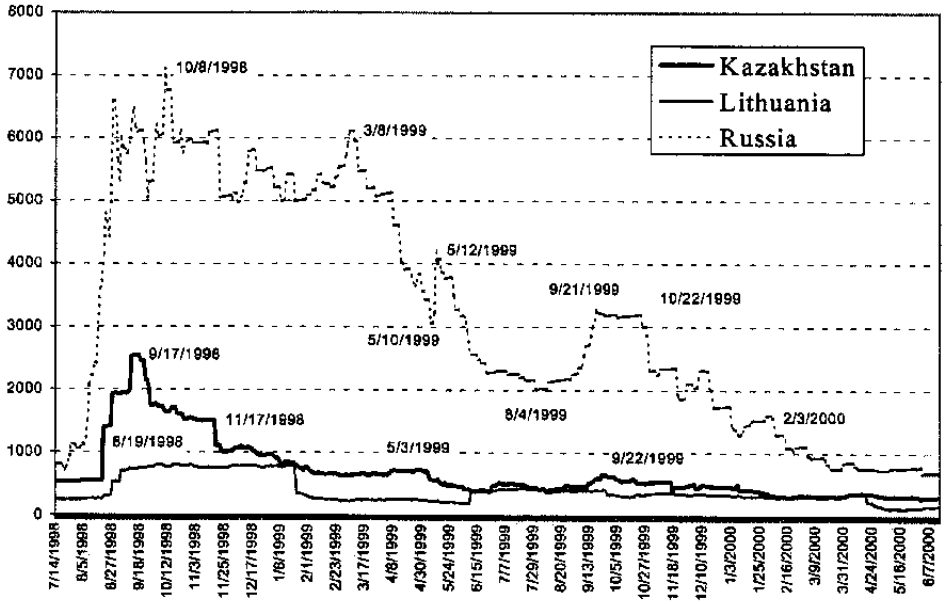
[7] Corrected for changes in tax rates, as described above.

[8] The average oil price on international markets fluctuated between $11.80 per barrel in the first quarter of 1999 and $29.0 per barrel in the third quarter of 2000.

improve the monitoring of newly issued guarantees, public debt levels could be affected by existing guarantees.

6. **Net indebtedness of general government is limited and declining.** Owing to a sharp improvement in the overall fiscal balance mostly due to the strong economic recovery, total net public debt[9] is projected to decline sharply from 30.9 percent of GDP in 1999 to 22.4 percent by the end of the year. This level of net indebtedness represents less than one year of revenues of the general government and in order to keep the net debt ratio at this level, the general government would have to maintain an average primary surplus below that of the projected primary surplus for 2000 (1.5 percent of GDP). This favorable change in debt dynamics was acknowledged by investors as the spread between the rates on Kazakhstan Eurobonds and U.S. rates narrowed significantly this year (Figure 1).

Figure 1. Kazakhstan: Eurobond Spreads



Source: Pastor and Damjanovic, 2000 (unpublished paper).

7. **In addition to the accumulated liquid financial assets, the government has some other nonliquid financial assets.** It has sizable equity holdings in state-owned enterprises and joint-ventures, some of which, in particular its holdings in oil and gas companies, are highly marketable. As regards the longer term prospects, a large oil deposit has been

[9] Total public debt includes government guaranteed foreign debt. Net public debt is calculated as gross public debt less government liquid deposits at the National Bank of Kazakhstan. In calculating public debt, general government includes central and subnational governments.

discovered in the Caspian Sea and some of the other oil fields are being developed. These developments will undoubtedly result in a rapid increase in the value of marketable government assets.[10]

8. **As public debt in Kazakhstan is limited and with long maturities, the refinancing risk is small.** The average maturity of public debt at the end of 1999 was 8.5 years.[11] With the exception of the Eurobonds, the total outstanding stock of which is $1 billion, most of the foreign loans of the government are from international or official bilateral financial institutions. Therefore, the refinancing risk is rather limited, and more than adequately covered by foreign assets of the government.

9. **Most of the stock of government debt is denominated or indexed to the dollar.** At end-1999, 86 percent of total public debt (of which 78 percent was foreign debt) was denominated in, or indexed to, a foreign currency, mostly the U.S. dollar.[12] The foreign debt service obligations of the government are projected to be in the range of $250–300 million a year (around 1.5 percent of GDP), with the exception of 2002, 2004 and 2007, when due to the repayment of three Eurobonds issues, it will be in the range of $630–650 million (about 3 percent of GDP). Moreover, at the beginning of 2000, a large part of domestic debt ($244 million) was refinanced through an issue of a 7-year Eurobond. A $100 million loan from a domestic company is likely to be repaid this year, and the rest ($114 million at the end of 1999) remains mainly in form of short-term securities, which needs to be rolled over regularly.

10. **A significant share of general government revenues are due from the oil and gas sector and therefore a large part of revenues are dollar linked.** A sizable proportion of total government revenue is from corporate income tax and royalties from oil and commodity exporting companies and from rental income fixed in U.S. dollars. From the oil sector alone, the projected revenues from corporate income tax and royalty are projected to reach more than a billion dollars per year for the coming years with an oil price staying at around $25 to

[10] Buiter (1985) argues for the use of the net worth to GDP ratio as an indicator of sustainability. While theoretically this is indeed a better indicator of the sustainability of fiscal policy, this indicator is not directly applicable in a transition economy due to (i) the lack or poor quality of data on the value of government assets, (ii) the enormous difficulties involved in revaluing assets in a transition economy and (iii) the low efficiency of public investments. The assets referred to here are marketable equity holdings of the government in companies which deliver private goods. Thus, when the capacity of the government to service its debt is calculated, these assets should be taken into account.

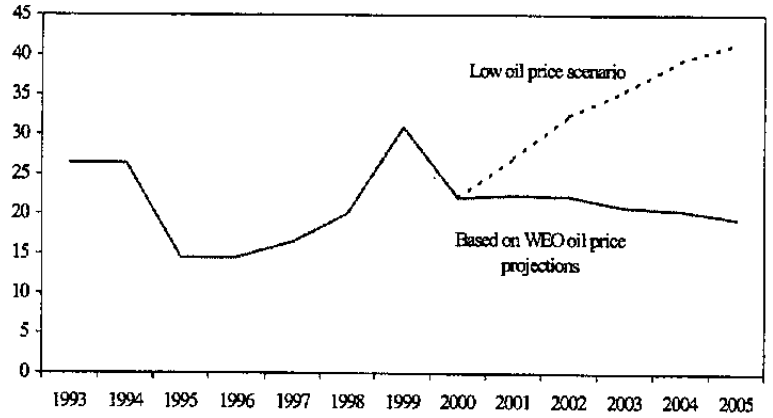
[11] The average maturity of foreign debt was 9.8 years, while that of domestic debt was around 4 years. In 2000, a large part of domestic debt, a special state bond issued to the pension funds was refinanced through a new eurobond issue, and the government has gradually increased the issuance of government bonds with longer maturities and reduced the amount of short-term T-bill issues. Therefore, the average maturity of domestic debt has increased significantly in 2000.

[12] 57 percent of domestic debt was denominated in, or indexed to, a foreign currency (U.S. dollar). Also, 80 percent of foreign debt was denominated in U.S. dollars and the domestically issued foreign currency denominated (or indexed) government securities were all denominated in U.S. dollar.

$28 a barrel. On the expenditure side, only investments and purchased goods have significant import components.

11. **Much of the assessment of debt sustainability hinges on the level of the oil price.** As indicated by the assessment of the underlying fiscal position, the budget remains highly vulnerable to volatility in oil and commodity prices. If the oil price were to fall to $18 per barrel in 2001 and to an average of $16 per barrel for 2001–2005, the overall balance of the general government would deteriorate rapidly and without any policy adjustment, net public debt could be expected to rise to 40 percent of GDP by 2005 (Figure 2).

Figure 2. Kazakhstan: Net Public Debt, 1993–2005
(In percent of GDP)



Source: Staff estimates.

Note: Net Public debt, including government guaranteed foreign debt, net of liquid government assets.

12. **Despite some notable improvement in the monitoring of guarantees, guarantees are still a potential problem.** The total amount of government guaranteed foreign debt was $694 million at the end of 1999. The 2000 budget allowed for only $50 million of new guarantees, but this has created a strong pressure on the central government as demand for new guarantees turned out to be considerably larger than this amount. The 2001 budget submitted to parliament increased this limit to about $300 million, which would result in a substantial increase in the stock of outstanding guarantees. In 1999, the central government paid T 12.8 billion (0.7 percent of GDP) on called guarantees, and both the 2000 and the 2001 central government budgets have allocated a similar share of GDP. Called guarantees have in the past created major difficulties, resulting in arrears, including pension and wage arrears. To improve the monitoring of guarantees, the government has set up a new system thereby reducing the credit risk involved in public guarantees (Box 1). However, the new

system covers only newly issued guarantees and therefore there is still an exposure to guarantees issued prior to the introduction.

Box 1. Kazakhstan: A New System of Monitoring Loan Guarantees by the Government

As one of the structural benchmarks of the three-year EFF arrangement, the government set up in March 2000 a new system to continuously monitor the financial positions of debtors to whom new government guarantee would be issued. The system involves two main components, the monitoring system and the payment enforcement mechanism. The monitoring system is based on a continuously updated data base which contains information on the balance sheets, the profit and loss statements and the bank accounts of the companies involved. This data base is updated quarterly using information collected by the central statistical agency and from the companies involved. A regular analysis of the liquidity and solvency of the companies participating in the system is carried out jointly by the Ministries of Finance and Economy. The analysis is based on the standard liquidity and solvency ratios, comparing the companies to the averages in their industries. If a potentially insolvent or illiquid company is identified, the Ministry of Finance proposes measures to minimize the loss of the government. In addition to the information mentioned above, the companies also have to submit yearly business plans and monthly information on their balance sheets and profit and loss statements to agent banks, which are obliged to analyze their financial positions regularly.

The payment enforcement mechanism includes two bank accounts, an escrow reserve account, on which a certain percentage of the largest semi-annual payment has to be kept until the guaranteed loan is fully repaid, and a service account, on which the guaranteed borrower has to accumulate funds required to make the next debt service payment. In addition to keeping these accounts with agent banks, guaranteed loans have to be fully collateralized. A guarantee can only be issued if agreements have been signed between the guaranteed party and the government, the Ministry of Finance and the agent bank, and the guaranteed party and the agent bank stipulating the modalities of the system described above.

The new system is one of the most sophisticated systems of this kind. If it is properly administered, it will greatly reduce the risk involved in issuing government guarantees. The overall degree of fiscal vulnerability will however be reduced only if the government pursues a prudent policy on issuing new government guarantees and improves the management of the state-owned companies which receive guarantees.

E. Medium-Term Fiscal Framework

13. **The lack of a well-developed medium-term fiscal framework is an important source of fiscal vulnerability.** The lack of such framework is in large part explained by the very volatile fiscal developments in the last couple of years and by the fact that most expenditure commitments and entitlements are not clearly defined and have been subject to

major changes. With gradual fiscal consolidation, the development of a medium-term fiscal framework becomes very important. Though in 1999, for the first time, the annual central government budget was approved together with deficit targets for the consecutive two years, these targets were not derived from and supported by a well-developed medium-term fiscal framework.

F. Tax Administration

14. **The sudden upsurge in tax arrears during periods of economic distress and the limited capacity of the tax administration to collect on tax arrears is a major source of fiscal vulnerability in Kazakhstan.** In 1998, as the economy was hit by the double shock of the Russian crisis and the low price of crude oil, the extent of tax arrears worsened and reached T 117 billion, or 6.8 percent of GDP by the end of 1998. Since then, they have been reduced only marginally.

15. **The low level of overall tax revenue in Kazakhstan is attributable to ill-designed tax incentives and to the low yields of taxes explained by weak tax administration.** The average effective tax rate on personal income is slightly above 10 percent, but the yield of the tax has been only around 2 percent of GDP. Similarly, a 26 percent payroll tax yields only around 4 percent of GDP.[13] A VAT with a 20 percent regular rate and a 10 percent preferential rate on certain basic foodstuff yields less than 5 percent of GDP.[14] These numbers indicate that a large part of economic activities is not covered by the tax net.

16. **Capital flight through under-invoicing (Box 2) is a form of tax evasion which deserves special attention in Kazakhstan.** Such capital flight is largely due to the lack of capacity on the part of the tax and customs administration to properly assess the transaction values of export and import transactions. The revenue loss due to this form of tax evasion could be as high as 0.6–0.8 percent of GDP.

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[13] These revenue numbers suggest a total gross wage bill in the range of 15–25 percent of GDP which seems very low.

[14] Given the lack of reliable national accounts data on the expenditure structure of GDP and data on the structure of final consumption, it is very difficult to properly estimate the potential yield of VAT. Nonetheless, a comparison with other transition economies with similar per capita incomes suggests that the yield of VAT in Kazakhstan is relatively low. In Bulgaria, a uniform 20 percent VAT rate is projected to yield 9 percent of GDP revenue in 2000; in Romania, an 18 percent standard rate and two preferential rates of 9 and 11 percent is projected to yield 6 percent of GDP revenue in 2000. In the Baltic countries, the yield is even higher, an 18 percent standard rate (with a 5 percent preferential rate in Estonia) yielded 9.8 percent of GDP revenue in Estonia, 9 percent in Latvia and 8.1 percent in Estonia on average between 1995 and 1998. On the other hand, similar rates in other CIS countries in the region yielded similar or lower revenues. In assessing the yield of VAT, it should be taken into account that within the customs union formed by some of the CIS countries, VAT collection is based on the origin principle, and that part of the refunded VAT (to exporters on zero rated goods) is not deducted from the revenue numbers.

Box 2. Kazakhstan: Capital Flight, Transfer Pricing and Under-Invoicing

In recent years, a widening divergence between recorded export values and those suggested by published international market values has emerged, especially for petroleum. The staff has attempted to estimate the extent of this under invoicing of exports of Kazakhstan's principal export commodity for the 1999–2000 period. While an under-invoicing phenomenon may also exist for other commodity exports (largely minerals), the estimates have been limited to the petroleum sector owing to the difficulty of obtaining reliable standardized international price estimates for many products. **Staff estimates suggest under invoicing of around $280 million in 1999 and $410 million in 2000, or 1.8 and 2.5 percent of GDP, respectively. At a marginal tax rate of 30 percent, budget revenue would be higher by 0.6 and 0.8 percent of GDP, respectively**. This compared to total budgetary revenue from the sector of 0.9 and 6.1 percent of GDP, respectively.

The staff estimates are based on published international oil benchmark levels, adjusted for average quality differentials. An assumption is also made for average transportation costs from the Kazakhstan border to world markets in northern Europe to obtain a border price. Given its land-locked position and just emerging large scale production potential, export infrastructure is underdeveloped and transport cost are high. Transport costs range from about $2.70 per barrel through the Russian pipeline system to $5–$7 per barrel for the overland railroad transport. **Over the medium-term, particularly with the coming into operation of the Caspian Pipeline Consortium in 2001 transportation costs are expected to be reduced considerably, with the attendant increase in profitability and tax revenue.**

The authorities have placed a high priority on addressing this issue and have established a working group headed by the anti-dumping control committee at the Ministry of Energy, Industry and Trade. Draft transfer pricing legislation has been submitted to parliament. **It is important to note that, as under-invoicing is primarily a tax avoidance strategy, the preferred remedy would be to strengthen tax and customs administration.** Suitable remedial actions would primarily target enhanced tax administration through training and a focused group of tax auditors to work on the most important cases. The legal aspects can best be dealt with under existing provisions of the tax code rather than through a separate new law. Giving discretionary powers to official agencies to enforce anti-transfer pricing activities, for example in the area of export controls, could easily lead to abuses and harm confidence of foreign and domestic investors in Kazakhstan. Restrictions and new taxes on exports, which in addition to being potentially unclear and confusing, could reduce economic efficiency, hurt the investment climate, and provide opportunities for corruption.

However, under-invoicing may also represent capital flight, for which other factors may play a role, notably the 15 percent withholding tax on profit transfers, gaps in coverage of bilateral taxation treaties and ineffective administrative procedures hereunder, and legal or practical restrictions on capital transfers.

G. Revenue Assignments of Subnational Governments

17. **The distribution of CIT is a major source of fiscal imbalance as it is shared equally between the central government and the regions (oblasts)[15] but unevenly between regions.** Revenues from CIT are projected to bring in over 30 percent of general government tax revenue this year and over 30 percent of the total tax revenue of subnational governments. Unfortunately, this tax is not only the most volatile source of tax revenue but

[15] For a detailed description of the revenue assignments of subnational governments and the system of horizontal equalization in Kazakhstan, see Berengaut, and others, *Kazakhstan*, 1999.

its base is distributed unevenly among subnational governments. Subnational governments receive half of revenues from the CIT collected on companies according to the location of their headquarters. As a result, revenues from CIT are concentrated in regions where companies are located. This puts pressure on the system of horizontal equalization even in an average year, but becomes a major source of fiscal vulnerability when CIT revenues are high or low.[16]

18. **Budgets of subnational governments do not have enough flexibility to adjust to fluctuations in revenues linked to the volatility in CIT.** On one hand, when revenues from CIT are low, as in 1998 and in the first half of 1999, subnational governments suffer from a large revenue shortfall which cannot be financed as they have limited access to financial markets and as they are constraint by legislation from borrowing. Moreover, until the last quarter of 1999, they have not been able to accumulate liquid assets as their revenues were too low and given the present system of horizontal equalization (yearly subventions and withdrawals specified in the central government budget), they have no incentive to accumulate such assets. Thus, a revenue shortfall immediately translates into sequestration and expenditure arrears. On the other hand, when CIT revenues are high, subnational governments enjoy sizable extra revenue—for some of them the unexpected additional revenue from this source may be larger than the budgeted total revenue—which they can freely spend.

H. Expenditure Structure

19. **Budgets at all levels of government are characterized by high shares of nondiscretionary expenditures.**[17] At the central government level, the 2000 budget allocates two-thirds of total expenditures, including transfers to lower levels of government, to nondiscretionary expenditures.[18] This is somewhat lower than last year, but the reduction is mainly explained by unchanged levels of nominal wage and pension expenditures. The share of the remaining expenditures amount to less than 6 percent of GDP, greatly limiting the extent to which the central government can adjust to an unexpected revenue shortfall, without having to resort to arrears.

20. **Major nondiscretionary expenditure items, such as pay-as-you-go (PAYGO) pensions (other than minimum pensions), social benefits and wages, are not indexed, thus their real level may—and did in the past—decline with inflation.** Low minimum

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[16] Due to the lack of a well-developed analytical framework, and the volatility of oil and commodity prices, revenue projections, in particular the projections on CIT revenue are surrounded by a large degree of uncertainty in Kazakhstan. In 1999, the actual revenue from CIT was 55 percent higher than the budget projection; in 2000 it is expected to be 234 percent higher.

[17] For a detailed breakdown of general government expenditures, see Tables 25–27 in the Statistical Appendix.

[18] Nondiscretionary expenditures include wages, pensions, state social benefits (which are based on established entitlements), transfers to subnational governments, interest payments and payments made on called guarantees.

pension and minimum wage and a low level of employment have resulted in widespread poverty (Box 3), putting an increasing pressure on policy makers to raise expenditures on social benefits and poverty alleviating programs.

Box 3. Kazakhstan: Poverty in Kazakhstan

As elsewhere in the region, and in the transition economies generally, poverty is a major concern. While in the aggregate Kazakhstan appears better off in terms of absolute poverty than most other countries of the BRO, **over one-third of the population was estimated by the World Bank to live below a subsistence minimum in 1996**. Some 6 percent of the population was estimated to live on less than $2.15 per day. Since that time, official statistics suggest that the incidence of poverty worsened to around 43 percent of the population in 1997, but appears to have stabilized in 1998/99 at around 42–43 percent.

Perhaps more worrisome yet is **the wide geographical variance of poverty** in Kazakhstan. Almost two-thirds of the poor live in the southern and eastern regions of the country, which are largely agrarian and rural. The northern and central parts of the country are better endowed with natural resources and more industrialized. Further, on average, residents of the south are much poorer. Rural poverty is more extensive and more pronounced than in urban areas, although subsistence farming compensates for low cash incomes.

Four social groups have been identified as most vulnerable to poverty, namely the young, households with many children, households with one parent, and the retired. The fiscal constraints evident on budgetary resources through 1999 have also resulted in wage and pension arrears which exacerbate the impact of low wages and especially pensions. The clearing in late-1999 of most wage and pension arrears was a welcome development. Unemployment is also closely associated with poverty, which reflects the ongoing restructuring of the traditional state enterprises. Strikingly, **the self-employed also have high poverty incidence, perhaps indicating the difficulties and uncertainties associated with starting small-scale enterprises in Kazakhstan.**

The poor are also at **risk of receiving less public social services,** on which they are more dependent. This reflects several factors including the degradation of delivery mechanisms for health and education, the introduction and rise in formal and informal user fees for many public services and the low population density in some regions, which may require significant travel to public services.

In addressing the plight of the poorest segments of the population, increased policy emphasis is being placed on **better targeting of social assistance** to the neediest. Social spending is also being examined to ensure it is adequate and to protect it from sequestration. Efforts are also underway to **improve the environment for small and medium scale business**, notably through efforts to reduce the plethora of overlapping licensing and regulatory requirements. **A user survey of corruption in state services** is also planned to attempt to identify and quantify this aspect of barriers to business development. As noted above, the last accurate and comprehensive survey of living standards was undertaken by the World Bank in mid-1996. Statistical data on poverty and the socio-economic effects of the transition process are inadequate for policy purposes. Efforts are underway to **improve the statistical data base** on poverty, supported by the World bank, through an ongoing family budget survey.

21. **Regional budgets are also characterized by high shares of non-discretionary expenditures, including education[19] and health care[20] expenditures.** In the 2000 budget, the latter two categories of expenditures account for more than one half of total expenditures. On the other hand, social benefit payments are not based on established entitlements, but rather on ad hoc payments which explain why they are often used as an adjustment mechanism by local governments.

22. **As in other BRO countries, budget execution in Kazakhstan has been characterized by large and recurrent expenditure arrears at every level of government** (Text Table 1), especially in periods when government revenue declined rapidly. At the end of 1998, in the midst of the Russian crisis, the total stock of expenditure arrears reached almost 20 percent of general government revenue, more than half of which at the subnational level. Since government revenues started to pick up, the stock of arrears has been gradually reduced, though a new form of arrears, on VAT refund to exporters, has emerged as a source of government finance.

23. **Since the beginning of 2000, the treasury has tightened the rules applying to budgetary commitments.** Newly recorded arrears are mostly related to liabilities created in the past which had not been registered with the treasury, or to payments awarded to public sector employees related to services delivered. So far, new commitments seem to be fully backed by existing budget allocations and authorizations. The only exception is arrears on VAT refund to exporters, where procedures to avoid the accumulation of new arrears are still not in place and the existing stock has not yet been reduced. Though there were several attempts to build up a centrally managed roster of existing arrears, an additional T 3 billion (0.1 percent of GDP) of previously accrued arrears, surfaced at the central government level, which clearly indicates that the process has not yet been completed.

24. **The lack of control over expenditure commitments has been a major source of fiscal vulnerability in Kazakhstan.** The treasury modernization and the tightening of the rules for commitments is a major step towards eliminating this source of vulnerability. However, a more aggressive approach is needed, especially on eliminating the existing stock and on moving more rapidly toward tightening the procedures involved in refunding VAT.

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[19] Expenditure on education is determined by expenditure norms set by the central government. In 1999, 84 percent of total expenditure on education was made by subnational governments.

[20] Every citizen is entitled to a basic package of health care services.

Text Table 1. Kazakhstan: Government Expenditure Arrears, 1998–2000

	End-1998	End-1999	June 2000
Central Government			
In billions of tenge	15.6	15.8	15.0
In percent of GDP	0.9	0.8	0.6
In percent of total revenue		9.2	4.8
Subnational Governments			
In billions of tenge	31.7	15.6	10.8
In percent of GDP	1.8	0.8	0.5
In percent of total revenue		8.7	4.2
Arrears of Previous Extra budgetary Funds			
In billions of tenge	10.8	10.4	10.2
In percent of GDP	0.6	0.6	0.4
In percent of central government revenue		6.1	3.3
Arrears on VAT Refund (zero-rated goods and services)			
In billions of tenge	2.4	12.7	13.4
In percent of GDP	0.1	0.7	0.6
In percent of central government revenue		7.4	4.3
Arrears of the General Government			
In billions of tenge	61.7	54.8	49.4
In percent of GDP	3.6	2.9	2.1
In percent of total revenue	19.7	15.6	8.7

Source: Ministry of Finance; and Fund staff estimates.

I. Conclusions and Policy Recommendations

25. **As Kazakhstan has made commendable progress in improving the quality of budgetary institutions and has pursued a disciplined fiscal policy following the Russian crisis, fiscal vulnerability has been reduced.** However, there are still risks coming from a large and increasing reliance on oil and commodity exports, a weak underlying fiscal position and remaining institutional weaknesses. It is therefore important for Kazakhstan to develop a proper mechanism in order to smooth the fluctuations of the oil price on the fiscal stance and to reduce the fiscal vulnerability. To achieve this, further progress is needed in 6 areas toward: (i) strengthening tax administration and broaden the tax base to nonoil sources; (ii) ensuring the transparency of oil revenues to the budget; (iii) adapting intergovernmental relations to ensure that there is a proper system of co-insurance between regions; (iv) increasing the share of discretionary expenditures; (v) setting up an oil fund for stabilization; and (vi) improving the monitoring of guarantees. Text Table 2 summarizes the key aspects of fiscal vulnerability.

26. **Tax and customs administrations need to be strengthened in order to broaden the tax base.** Concerning corporate income tax, the capacity of the tax and customs administrations to assess the transaction values of export and import transactions needs to be improved. The capacity of the tax administration to collect on tax arrears should also be greatly enhanced. Increased tax yield could be used to improve the underlying fiscal position, lower high tax rates, and increase spending on targeted poverty alleviation.

27. **The high degree of dependence on revenues from the oil and commodity exporting sectors will remain an inherent characteristic of the budget.** As such, it is important to ensure the transparency of revenues from the oil sector in order to enable the budget administration to improve the quality of revenue projections, the latter being a precondition for an improved budget execution. Moreover, a tax expenditure table[21] could provide valuable input to tax policy discussions and the assessment of tax arrangements involved in contracts with foreign investors.

28. **Intergovernmental fiscal relations and contingent liabilities are also important sources of fiscal vulnerability in Kazakhstan.** A reform of the tax assignment of subnational governments aimed at providing them with more stable and equally distributed tax revenues is essential in order to ensure that subnational governments have the revenues to meet their expenditure responsibilities.

29. **The combination of a relatively large underlying primary deficit combined and a rigid expenditure structure is one of the major sources of fiscal vulnerability in Kazakhstan.** As long as oil and commodity prices remain high, the weak underlying fiscal position will not cause a major problem. The expenditure structure however needs to be changed by reducing the share of nondiscretionary expenditures both at the central and the subnational levels.

30. **An oil fund (Box 4) may prove to be a useful instrument to deal with the impact of large fluctuations in budget revenues from the oil sector,** but only if the objectives of the fund are clearly defined, its operation is cast in the context of a comprehensive medium-term strategy, it is an integral part of the budget, and its design provides for transparency and public oversight.

31. **In order to limit its exposure to the credit risk involved in guarantees, the government will have to be cautious when extending guarantees** and will have to ensure that the newly introduced system of monitoring government guarantees is properly administered.

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[21] A tax expenditure table shows the subsidy equivalents of tax holidays and other preferential tax treatments granted to certain tax payers.

Box 4. Kazakhstan: Creating an Oil Fund

In recent months, the authorities have been working to establish an Oil Fund—the *National Fund of the Republic of Kazakhstan* (NFRK). A presidential decree in May 2000 set out the basic objectives of the fund and a government decree in August established a special committee charged with drafting the law. The committee is to present a draft law to parliament. While the formal objectives and detailed operational procedures of the NFRK are still under discussion, **three objectives have been put forward: to stabilize budget revenue, to finance priority infrastructure and social projects, and to save for future generations.**

The stabilization of budget revenue raises certain theoretical and practical considerations relating to the predictability of oil prices. Given the non-renewable nature of natural resources, a permanent income objective suggests that some of the oil revenues be saved for future generations. International experience suggest however, that in those funds that have retained a development objectives, the latter tends to dominate the saving objective. In practice it is difficult to resist social or political pressures for large development projects, often of dubious economic viability. In these respects, it is essential that the operation of the NFRK be cast in the context of a comprehensive **medium-term fiscal strategy**. It is important that outflows from the NFRK to the budget not be treated as fungible with other sources of budget financing, as this would be inimical to the heritage objective.

Over the longer term, as the strong output potential of the petroleum sector is developed, a fourth objective will dominate, namely the need to sterilize the large foreign exchange earnings to prevent a crowding out of the nonoil tradable goods sectors (the so called "Dutch disease"). To accomplish this sterilization objective the fund's resources will need to be domiciled abroad.

Best international practices would suggest that all amounts should pass through the republican budget, be determined through the budgetary process and held at the National Bank. Further, clear and transparent operational rules on sources of inflows and conditions for outflows would need to be established. The fund would need to provide for transparency and public oversight and accountability of the resources it held. The performance of independent external investment managers would be evaluated regularly against established investment guidelines and suitable performance benchmarks set. The NFRK should not be allowed to borrow, pledge its assets as collateral, or use its resources off budget. The NFRK Board should include representatives of the state, the NBK, parliament, and civil society, which would issue quarterly reports on operations. There should be regular external audits of the NFRK (at least annually) and the audit and report on the NFRK's operations should cover both past years and a projection for the forthcoming year; and include operating costs of the fund and Board members' remuneration.

Text Table 2. Summary of Key Aspects of Fiscal Vulnerability in Kazakhstan

Fiscal position	
Initial fiscal stance	Though headline overall and primary balances suggest a strong initial fiscal stance, the underlying fiscal stance is subject to some weaknesses (see Section I.B.).
Net debt ratio	Comfortably low and projected to decline in the medium run. However, as revenues are highly sensitive to oil and other commodity prices and the underlying initial fiscal stance is weak, sustained low oil and commodity prices can result in a dramatic change in this ratio.
Automatic stabilizers	Very limited, there are no well defined unemployment and social benefit entitlements at the local level.
Tax rate and tax yield	Tax rates in most cases are high, but tax yields are low, indicating that a large proportion of economic activities escapes the tax net.
Coverage of government fiscal activity	In 1998, extrabudgetary funds were closed down and their activities were integrated into the central government budget. General government covers most of the fiscal activities of government, though with new mechanisms created to support extra budgetary spending on the new capital, the coverage of government fiscal activity may have deteriorated.
Accounting and control	Fiscal balance measured from below-the-line has been sufficiently close to that measured from above-the-line.
Balance sheet information	Balance sheet information is of good quality and sufficient to determine the net financial position of the government. Data on gross public debt and on financial assets of the government are readily available with little delay.
Contingent liabilities	The total stock of government guarantees is large and largely uncovered. The pressure on the central government to issue new guarantees is large and increasing. At the same time, the government has introduced a highly sophisticated monitoring and payment enforcement system which may reduce the credit risk involved. Nonetheless, future developments in this regard will be shaped mainly by the policy on issuing new guarantees. The NPV of the future deficits of the PAYGO pension system has been reduced through inflation to an extent which may not be sustainable in the longer run. The new funded pension system is likely to be a source of contingent liabilities, but the extent of this is unknown. Due to the change in the legislation on subnational borrowing, borrowing by regions may turn out to be a source of sizable contingent liabilities. However, if the new system of authorizing subnational borrowing is administered properly, it could eliminate most of the exposure central government has in this respect.

Short-term fiscal risk	
Sensitivity of short-term fiscal outcomes to changes in key economic variables	Budget revenues and thus fiscal stance, both at the central and subnational levels are highly sensitive to oil and commodity prices.
Debt structure	The average maturity of public debt was 8.5 years at the end of 1999, that of foreign debt was 9.8 years. Most of the maturing public debt is renewable. The amortization profile is smooth, though in few years bulky repayments are scheduled. However, the existing stock of government liquid assets to be invested in foreign exchange when a new oil fund is set up together with a comfortably high level of foreign exchange reserves of the central bank provides more than adequate cover for debt service payments.
Currency risk	At the end of 1999, 86 percent of total public debt was denominated in or indexed to the U.S. dollar. However, due to the large currency mismatch in the budget, the government has more than adequate natural hedge for the currency risk resulting from the currency structure of public debt. Cross-exchange rate risk seems to be easily manageable, as well.
Calling of guarantees	Guarantees are a major source of fiscal vulnerability. The budget has an appropriation for payments on called guarantees, but unexpected calls on guarantees frequently happened in the past, resulting in expenditure arrears. As the quality of the guarantees issued prior to the introduction of the new guarantee monitoring system is unknown, this will remain a factor endangering budget execution.
Longer-term sustainability indicators	
Debt dynamics	Under the present baseline medium-term scenario, debt dynamics are very favorable, keeping net debt below yearly revenue of the government. However, sustained low oil and commodity prices could dramatically change debt dynamics.
Government debt rating and interest premium	Due to the favorable economic development in the last couple of months, the premium on sovereign foreign debt returned to its pre-Russia crisis level and it is at the level of some of the more advanced transition economies. Credit ratings reflect these favorable changes in market assessment with Moody's assigning B1 and S&P BB- (raised in July 2000). Moody's B1 rating equals that of Argentina and is better than those of Bulgaria, Romania, Russia and the rest of the CIS.
Resource depletion	The recent discovery of a large oil deposit in the Caspian Sea and a rapid development of some of the other oil and gas fields have increased commercial reserves substantially, thus rapid resource depletion is not yet an issue.
Expenditure indicators	
Share of nondiscretionary spending and transfers	It is high, especially at the local level. On the other hand, entitlements and service levels are not well established.
Military spending	Military spending has been around 1 percent of GDP.

Revenue indicators	
Revenue elasticity	In spite of the large fluctuations in the level of economic activity during the last four years, the share of tax revenue other than CIT in GDP remained rather stable, suggesting a unit overall elasticity. CIT is highly sensitive to changes in commodity and oil prices which in turn have a strong impact on the level of economic activity. Thus, overall elasticity of tax revenues is high and rather unstable, ranging between 1.5 and 2 during the period 1999–2000. Non-tax revenues are inelastic, but their combined share is relatively low.
Composition of tax revenue	The share of CIT revenue in total tax revenue was 17 percent in 1999 but is projected to increase above 30 percent in 2000, indicating the extent to which tax revenue depends on oil and other commodity prices..
Tax law changes	A new tax code was introduced in 1995 and since then tax policy was relatively stable, though the incidence of tax exemptions increased significantly. A new tax code has been submitted to Parliament which will bring about major changes, but mainly in areas other than tax policy. At the same time, the intention is to eliminate tax exemptions.
Earmarking	When the extra budgetary funds were closed down at the end of 1998, earmarking was almost completely eliminated.
Reliance on grants	It is a negligible source of government revenue. The practice of soliciting grants or portraying privatization receipts as grant to the new capital is however reemerging which is a cause for concern, not because of the size of these grants, but because these grants finance off-balance sheet activities.
Fiscal management indicators	
Expenditure arrears and netting arrangements	The government has accumulated a sizable stock of arrears during the economic recession caused by the Russian crisis and the low oil and commodity prices in 1998–99, reaching 3.6 percent of GDP and almost 20 percent of total revenues at the end of 1998. Since then, arrears have been gradually eliminated, though a new form of arrears (on VAT refund) has emerged. Treasury control over commitment both at the central and the subnational level has been strengthened recently and so far no new arrears related to commitments made after the strengthening of the system have emerged, though new arrears related to previous commitments have recently surfaced. A limited amount of netting operations has been carried out during the last two years.
Deviations between the original budget and budget outturn	Budget execution in the past has been characterized by major deviations between the original budget and budget outturns. This year, in spite of the sizable revenue over performance, budget execution is very orderly, showing the beneficial impact of the treasury modernization project and a very disciplined fiscal policy at the central government level. Only minor problems have arisen related to an unexpected increase in the number of people qualifying and applying for certain social benefits.
Medium-term budget planning	There is no well-developed medium-term fiscal framework, though certain elements of medium term budget planning have been introduced.
Long delays in preparing and auditing final accounts	The preparation and auditing of fiscal accounts is carried out in a timely and orderly fashion.
Tax arrears	A large stock of tax arrears was accumulated during 1998–99, which has been reduced at a very slow pace.
Stock of tax refunds	A large stock of VAT refunds was accumulated in 1999, which is expected to be somewhat reduced this year.
Taxpayer register	It is updated regularly.

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II. The Development of Capital Markets in Kazakhstan[22]

32. International experience shows that a well-developed or relatively large financial sector is conducive to sustainable high growth. Economic theory has also emphasized that effective financial markets have a strong positive effect on growth.[23] Kazakhstan has undergone major reforms of its financial system in the last five years. However, while significant progress was achieved in moving toward the strengthening, diversification and consolidation of the banking system,[24] the development of capital markets is still at an early stage. After examining the current state of capital markets in Kazakhstan and comparing it to other countries in transition, **this chapter shows that there is a potential for development of activity in capital markets, in particular in connection with the growth of pension funds and that the realization of this potential will depend on improvements in corporate governance and capital market oversight.**

A. Capital Markets in Kazakhstan[25]

33. **The development of capital markets in Kazakhstan is at an early stage.** Trading activity is small and concentrated at the Kazakhstan Stock Exchange (KASE), the only organized market which was established in 1993. Most trading activity at the KASE is limited to foreign exchange trading (60 percent of total transactions in 1999) and to secondary trading on government securities. Total market capitalization of the stock exchange stood at $1.5 billion at end-June 2000 (about 10 percent of GDP), though average monthly trading on stocks was only $6 million in the first half of this year.

34. **While the legal framework for capital markets is satisfactory, the regulatory framework has a number of shortcomings.** According to the Securities Market Law (SML), responsibility for regulation of the capital markets lies with the National Securities Commission (NSC). While the SML clearly entrusts the NSC with significant powers, there are limitations in enforcement powers. At the same time, the NSC needs to define clear rules for discretionary judgment and should allow greater accountability of its activities. Finally, there are weaknesses in the NSC's standards and process for licensing of self regulating organizations (SRO).

B. Comparative Assessment of Capital Markets in Kazakhstan

35. **Capital markets in Kazakhstan, while among the most advanced in the BRO, are small in comparison with other transition economies in Europe.** With a total market capitalization of $1.5 billion at the end of June 2000, Kazakhstan ranks among the smallest in

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[22] Prepared by Romuald Semblat.

[23] See for example McKinnon (1973), and Shaw (1973).

[24] The Financial System Stability Assessment (FSSA) report provides detailed information on the banking and financial system in Kazakhstan.

[25] A more detailed assessment of financial markets in Kazakhstan is given in the accompanying FSSA report.

a selection of transition economies for the size of the stock market[26] (Text Table 3) and represents only about 1 percent of the total market capitalization for all transition economies. Looking at the market capitalization to GDP ratio, with a ratio of almost 10 percent, Kazakhstan stands behind the 5 most advanced markets (Estonia, Hungary, Russia, the Czech Republic and Poland) in a second tier group. In terms of activity, with a monthly turnover ratio[27] of 0.4 percent, Kazakhstan stands out as the least active of the 14 transition economies listed in Text Table 3. Overall, the comparison confirms the view that the state of development of capital markets in Kazakhstan is very much in line with countries with comparable level of incomes and at the same stage of the transition.

Text Table 3. Kazakhstan: Stock Market Size and Activity in Selected Transition Economies
(at end-June)

	Market Cap (MC)	MC/GDP	Monthly Trade (MT)	MT/Market Cap
	(In millions of dollars)	(In percent)	(In millions of dollars; average for first half of 2000)	(In percent)
Estonia	1,882	37.0	35	1.8
Hungary	15,268	31.2	1,274	8.3
Russia	45,249	24.9	1,620	3.6
Czech Republic	12,870	23.8	874	6.8
Poland	31,423	20.6	1,639	5.2
Croatia	2,617	12.9	21	0.8
Slovenia	2,169	11.0	33	1.5
Lithuania	1,053	9.9	8	0.8
Kazakhstan	1,514	9.6	6	0.4
Latvia	443	7.1	13	2.8
Ukraine	1,769	5.7	30	1.7
Bulgaria	616	5.1	3	0.5
Slovakia	658	3.5	41	6.3
Romania	928	2.7	27	2.9

Source: Standard & Poor's Emerging Stocks Market Review.

36. **Capital markets in Kazakhstan are potentially relatively more important in the transition process than for other transition economies.** In the early stages of the transition process in most countries, banks have played a more important role than stock markets in

[26] The countries selected have stocks market sizable enough to be recognized as emerging markets in the Standard & Poor's Emerging Stock Market Review.

[27] Defined as the ratio of monthly trading volumes in stocks over the total market capitalization.

attracting savings and allocating these resources to the private sector.[28] Therefore, in most of the transition economies, banking assets represent the biggest share of total financial assets. However, it is noticeable that in Kazakhstan (as well as in Russia, Estonia and Hungary), this does not apply, as the size of credit to the private sector by banks exceeds only marginally the total market capitalization (Text Table 4). This can be attributed to the "Blue Chip program" which led to the listing on the KASE of several major companies in the oil, mining and metallurgy industries.[29]

Text Table 4. Kazakhstan: Relative Size of Banking Credit and Stock Market Capitalization
(In percent)

	MC/GDP	BC/GDP
Estonia	37.0	27.1
Hungary	31.2	27.3
Russia	24.9	13.7
Czech Republic	23.8	52.4
Poland	20.6	26.2
Croatia	12.9	36.8
Slovenia	11.0	38.7
Lithuania	9.9	12.5
Kazakhstan	9.6	10.4
Latvia	7.1	18.4
Ukraine	5.7	10.6
Bulgaria	5.1	16.2
Slovakia	3.5	37.2
Romania	2.7	9.8

Source: Standard & Poor's Emerging Stocks Market Review and International Financial Statistics.

Notes: MC: Market Capitalization; BC: Banking Credit to Private Sector.

[28] The development of capital markets requires major macroeconomic and structural steps toward the emergence of profitable and competitive companies, transparent accounting and strict rules for corporate governance while banking assets may grow along with the achievement of the macro stabilization in the first years of the transition.

[29] In 1996, the Government of Kazakhstan adopted a strategy to restructure and sell 32 of the largest enterprises in oil, mining and metallurgy. In June 1997, the GOK selected 13 (the so-called Blue Chips) out of the 32 to be listed on the KASE and to be offered for privatization.

37. **Despite some noted potential, Kazakhstan's capital markets have failed to develop due to problems with both demand and supply.** With a total market capitalization of about 10 percent of GDP—similar to that of Croatia, Slovenia or Lithuania—activity is only half or one-third that of these countries. Three sets of reasons can be given. First and foremost, on the demand side, there has been a lack of interest from institutional investors in Kazakhstani corporate securities and especially equities due to shortcomings in corporate governance and accounting transparency. Second, supply of stocks of "blue chips" has been limited as the privatization program has stalled this year. Finally, with shareholders wary of losing control, companies have preferred to rely on issuing bonds rather than equity as a source of external financing for their investments.

C. The Pension Reform in Kazakhstan and Potential Development of Capital Markets

38. **While so far the development of Kazakhstan's financial markets has been unsuccessful due to supply problems and lack of demand, the emergence of pension funds as institutional investors will alter the demand potential of securities.**[30] While this could create funding opportunities for companies, the realization of this potential will depend on the capacity of Kazakhstan to foster a favorable climat for investments and the capacity to move ahead in addressing shortcomings in corporate governance and accounting.

39. **Following the introduction of pension funds in January 1998 as part of the pension reform, a large amount of savings in Kazakhstan is being channeled to the pension funds. In June 1997, the government of Kazakhstan reformed the pension system by moving from a PAYGO system to a system of mandatory savings managed by pension funds.**[31] Under this scheme, out of the 25.5 percent contribution rate on wages (unchanged level of contribution), 15.5 percentage points are earmarked to finance pension liabilities under the PAYGO system while 10 percentage points are allocated to the pension funds.[32] Following the reform and the introduction of pension funds in January 1998, collections by the pension funds have grown significantly to amount currently to more than $20 million a month (Figure 3). As all pension rights accrued under the PAYGO system are still being borne by the budget, in the first years of the reform, the pension funds will accumulate sizable assets. As of end-June 2000, total assets managed by pension funds were amounting already to more than $600 million or about 4 percent of GDP (Figure 4).

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[30] For a study of the impact on pension reform on capital market development, see Holzmann, 1996.

[31] Appendix 1 of the 1999 RED provides details on the Pension Reform. For comparative studies of the Pension System reforms in transition economies, see "Pension Reform in the Baltics, Russia and other Countries of the Former Soviet Union (BRO)" by Castello Branco (1998) and "Pension Developments and Reforms in Transition Economies" by Cangiano, Cottarelli and Cubeddu (1998).

[32] The actual reduction in contributions from 25.5 percent to 15 percent accruing to the budget was estimated to cost about 2 percent of GDP for the first year of the reform and the total aggregate cost of the transition is estimated to represent about 40 percent of GDP in present value terms.

Figure 3. Kazakhstan: Monthly Inflows to the Pension Funds
(In millions of tenge)

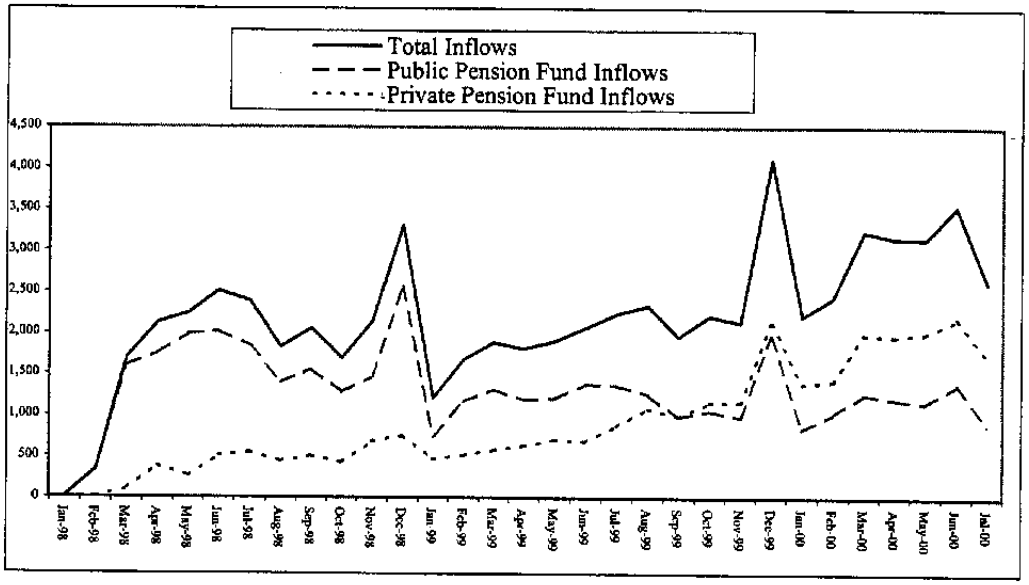
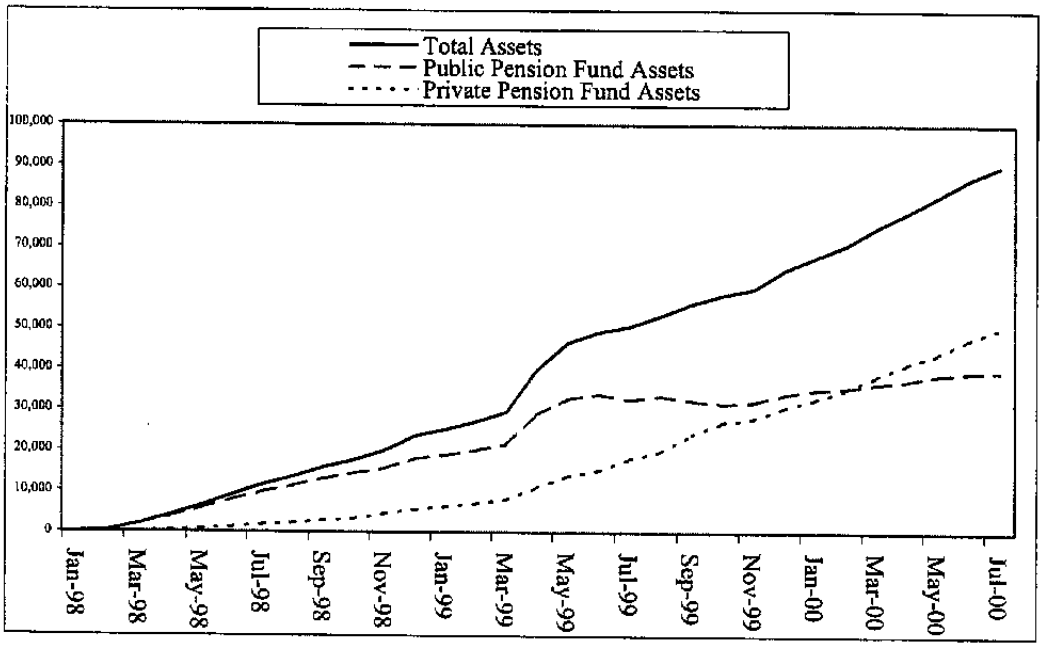


Figure 4. Kazakhstan: Total Assets Managed by the Pension Funds
(In millions of tenge)



Source: National Bank of Kazakhstan; and Fund staff estimates.

40. **While most assets of the pension funds are currently held in government securities, the rapidly growing share of assets managed by the NSPFs now creates significant demand for corporate securities.** The reform of the pension system provided two kinds of pension funds: the State Pension Fund (SPF) and the Non-State Pension Funds (NSPF) and each are subject to different rules of investment. While the NSPFs are allowed to invest up to 50 percent in nongovernment securities, the SPF is required to invest at least 90 percent of its assets in government securities. In the initial stages of the reform, with savers attracted by the relative safety[33] of the SPF and as at the onset of the reform, employees who did not opt for any of the NSPFs were automatically transferred to the SPF, most pension contributions were channeled to the SPF. Therefore, the bulk of investments from pension funds was in government securities. However, as returns from NSPFs are greater, the share of pension contributions deposited at the NSPFs is increasing and currently two thirds of total inflows to the pension funds accrue to the NSPFs (Figure 4). As a result, the NSPFs are managing a growing amount of mandatory pension savings, thereby creating a substantial demand for corporate securities. As of June 2000, the share of assets held by pension funds invested in corporate securities represented 7.4 percent of total assets, up from 2.1 percent in December 1999 (Text Table 5).

Text Table 5. Kazakhstan: Pension Fund Assets Breakdown

	December 1999			June 2000		
	In thousands of tenge	In thousands of U.S. dollars	In percent of total assets	In thousands of tenge	In thousands of U.S. dollars	In percent of total assets
Gov. and NBK Short-Term Securities	7,196,821	52,057	14.0	7,338,714	51,500	8.9
NBK Notes	1,604,244	11,604	3.1	212,400	1,491	0.3
T-bills	5,592,577	40,453	10.9	7,126,314	50,009	8.6
Gov. Mid-Term Securities (>1 year)	41,539,747	300,468	80.7	65,789,832	461,683	79.8
of which: Eurobonds	20,800,454	150,455	40.4	65,715,524	461,162	79.7
Securities IFI	354,128	2,562	0.7	350,193	2,457	0.4
Stocks of A-listed companies	420,317	3,040	0.8	1,499,243	10,521	1.8
Corporate Bonds	655,202	4,739	1.3	4,619,136	32,415	5.6
Municipal Bonds	173,291	1,253	0.3	410,137	2,878	0.5
Deposits	916,931	6,632	1.8	2,213,927	15,536	2.7
Foreign Corporate Bonds	244,829	1,771	0.5	236,300	1,658	0.3
Total Assets	51,501,266	372,523	100.0	82,457,482	578,649	100.0

Source: National Bank of Kazakhstan; and Fund staff estimates.

[33] Each employee is able to chose the pension fund in which to open his pension saving account.

41. **The future growth of resources managed by the pension funds and available for investment in corporate securities should foster the development of capital markets in Kazakhstan.** Assuming real GDP growth of 5–7 percent in the medium term, single-digit inflation, a 10 percent annual increase in real wages, and higher labor participation rate, total assets managed by the pension funds are projected to grow five-fold in five years (from $600 million as of end-June 2000 to $3 billion at end-2005) and would represent 13.5 percent of GDP in 2005, from about 4 percent today (Figure 5).[34] Assuming that the share of inflows accruing to the private pension funds rises from 61 percent today to 85 percent by the end of 2005, it is estimated that assets under management at NSPFs will amount to more than $2 billion, of which a large portion will be available for investing in corporate securities (Figure 6).

42. **While the growth of pension funds should potentially alter the demand of securities in Kazakhstan, the realization of this potential will depend on improvements in corporate governance and accounting transparency.** While pension funds are constrained in investing in foreign assets, they are not subject to any limit on their foreign currency exposure. Therefore, they are able to invest in foreign currency denominated assets whether domestic or external assets. So far, they have mostly concentrated their foreign exchange investments in foreign currency denominated Eurobonds issued by the government of Kazakhstan (Text Table 3). However, as it is reasonable to foresee a diversification of such foreign exchange assets, the expected increase in the limit on investment in external assets should enable pension funds to raise their exposure on foreign securities listed in major stocks exchanges outside of Kazakhstan. As a result, the expected increase in corporate securities owned by pension funds will likely be shared between domestic and foreign securities. As such, it is critical for the development of capital markets that corporate governance be improved, and that companies disclose fully and transparently their accounts according to international standards. Finally, it will be equally important that there is a pool of Kazakhstani companies able to generate value, hence the importance of privatizing the "blue chips."

43. **In conclusion, capital markets in Kazakhstan are still at an early stage of development, but following the reform of the pension system and the introduction of pension funds, capital markets are on the verge of a significant takeoff.** However, with growing amounts of resources allocated to the corporate sector through the capital markets, several risks will have to be addressed and privatization will have to be more forcefully implemented. First, it will be crucial for the capital market regulatory framework to steadily increase its capacity.[35] Second, further progress in accounting, transparency, and corporate governance will be required. Greater and better oversight of the pension funds will be essential to limit risks stemming from financial exposures. Finally, a more aggressive stance by the government in selling stakes in major "blue chips" companies would increase liquidity in the market and provide greater investment opportunities for the pension funds and other emerging institutional investors in Kazakhstan.

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[34] These projections do not assume any rate of return on the assets under management of pension funds.

[35] The FSSA report provides detailed suggestions and areas of reforms.

Figure 5: Projection of Total Pension Assets, 1998-2005

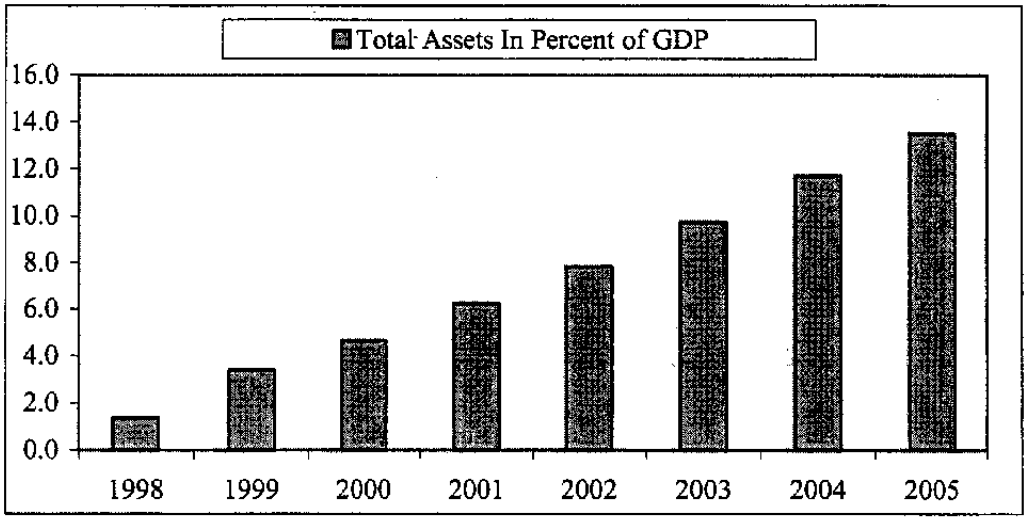
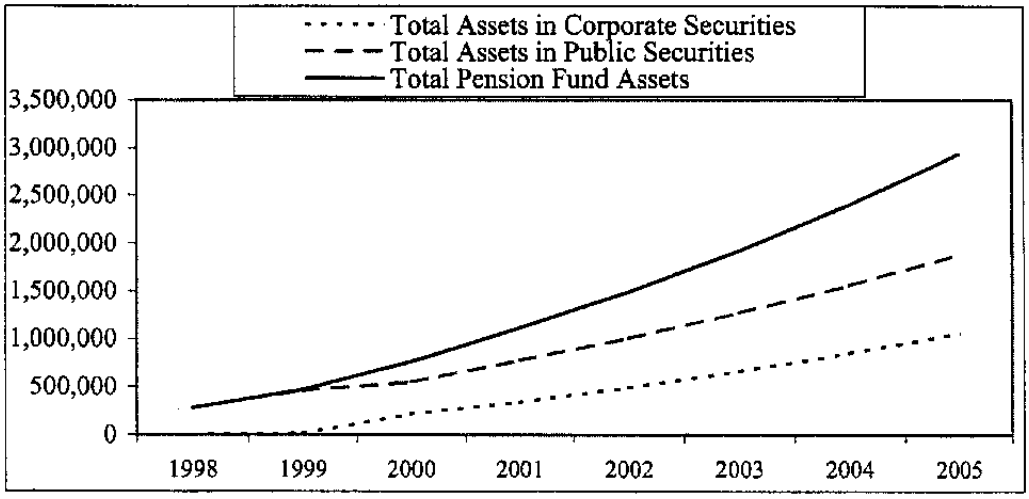


Figure 6: Projection of Pension Assets Decomposition, 1998-2005
(In thousands of U.S. dollars)



Source: National Bank of Kazakhstan; and Fund staff estimates.

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III. External Shocks and Competitiveness[36]

A. Introduction

44. Concurrent with the onset of the Russian financial crisis in mid-1998, Kazakhstan experienced three external shocks: firstly, the depreciation of the Russian ruble, implying a real appreciation vis-à-vis its most important trade partner; secondly, a sharp decline in the price of oil, its principal export commodity, over the course of 1998; and, thirdly, considerable uncertainty regarding the sources of private financing in international capital markets. Following the depreciation of the tenge in April 1999 and the recovery in international commodity markets, the external environment is now considerably more favorable. However, as oil exports stand to grow significantly over the coming years, the problems of external competitiveness that are commonly associated with a boom in primary commodities will come to the fore.

45. This chapter examines movements in Kazakhstan's terms of trade (Section B) and in its exchange rate (Section C). This will provide the background for an evaluation of external competitiveness in Section D.

B. Recovery in the Terms of Trade

46. Kazakhstan is now a relatively open economy. In 1999 the shares of exports and imports in GDP stood at about 38 percent and 35 percent in current prices, respectively, both significantly higher than in 1996. However, Kazakhstan also displays the trade structure of a resource-dependent economy. While 78 percent of exports are accounted for by oil and other nonagricultural commodities, imports are dominated by consumer, investment and intermediate products which typically display more stable prices. This mismatch is set to become more pronounced, as large new oil fields will become operational and as constraints on export capacity are gradually lifted.

47. As Figure 7 demonstrates, Kazakhstan's terms of trade—the ratio of an exports price index over an imports price index—have risen by over 30 percent since the first quarter of 1999. However, the rise is only 6.3 percent, once trade in oil is excluded. Figure 8 underlines that the evolution of the overall terms of trade is primarily a function of export prices, and in particular of the price of oil. Prices of important export commodities have still not fully recovered; industrial metals, for instance, are still about 6 percent below their peaks in 1997.[37] In 1999 oil accounted for 34 percent of exports, sharply up from only 20 percent in 1996. This relative dependence on petroleum prices on the export side is set to increase, and with it Kazakhstan's vulnerability to external shocks, posing fresh challenges for macroeconomic policies (see Statistical Appendix Tables 29 and 30 for the commodity composition of exports and imports).

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[36] Prepared by Alexander Lehmann.

[37] All price indices are based on world market prices for individual commodities, and therefore ignore any quality improvements of the goods exported by Kazakhstan.

Figure 7. Kazakhstan: Terms of Trade (1995=100)

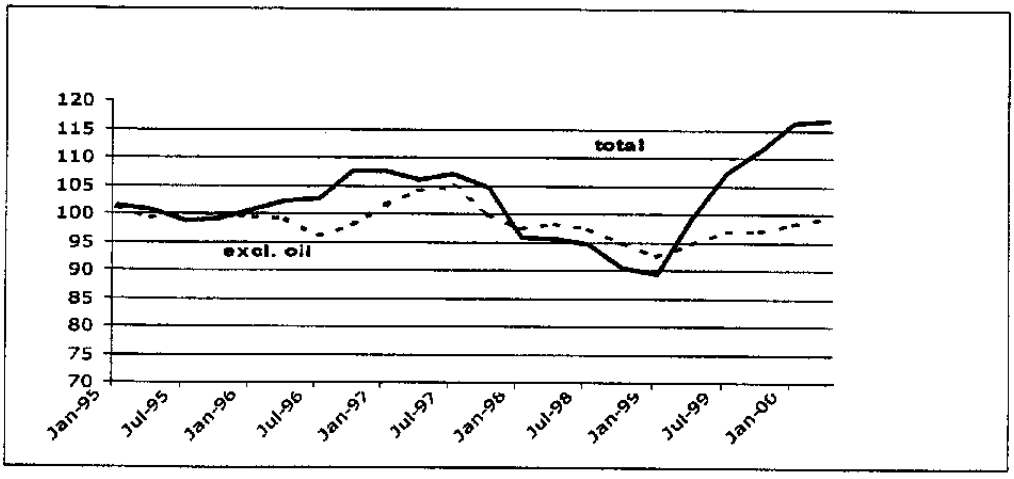


Figure 8. Kazakhstan: Export Price Indices (1995=100)

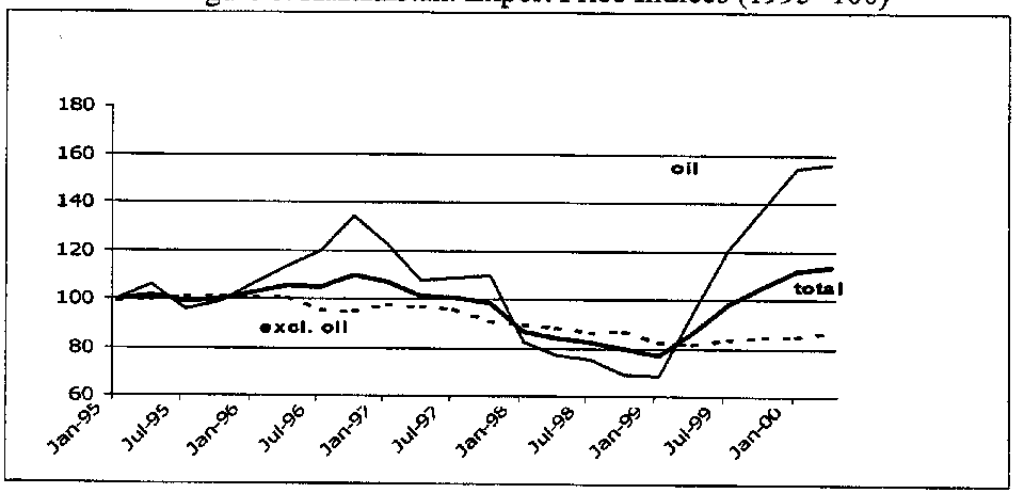
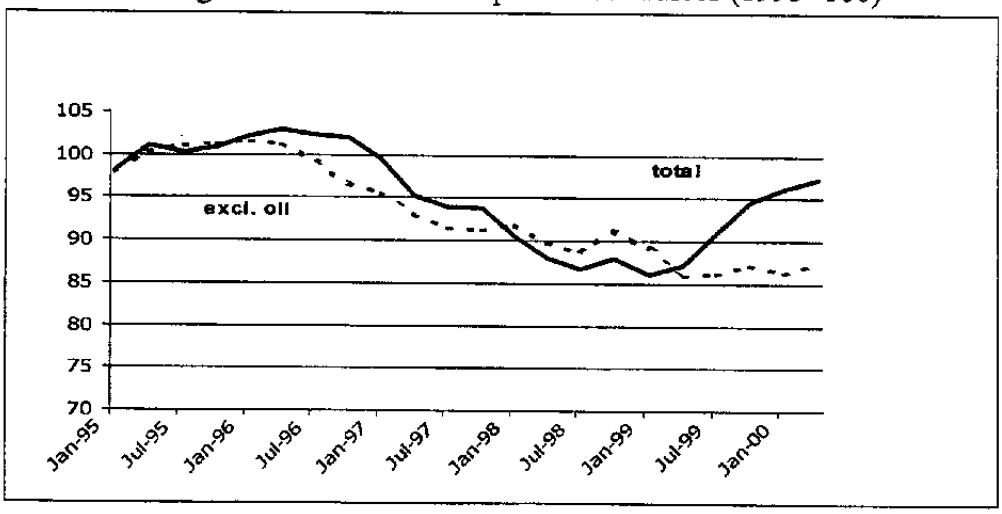


Figure 9. Kazakhstan: Import Price Indices (1995=100)



Source: Fund staff estimates.

C. Real Exchange Rate Variations

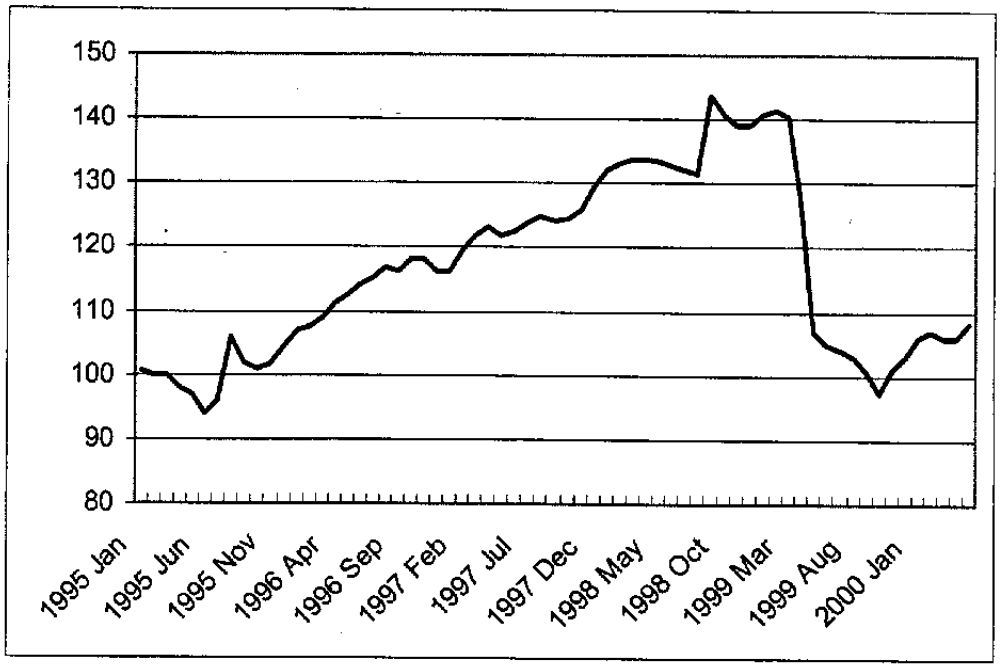
48. Given the ongoing structural change in Kazakhstan's external trade, it is difficult to define an exchange rate level that could be associated with a long-run equilibrium in the current account. At the same time, success in the government's stated objective of fostering a diversified export structure will in part depend on the exchange rate being conducive to a viable nonoil export sector. This objective of counteracting the causes of "Dutch disease" developments in the external sector in turn have implications for sterilization policies and for the management of a national oil fund.

49. As an indicator of external competitiveness, the real effective exchange rate should ideally measure a price index of tradable goods, relative to a weighted average of such price indices for Kazakhstan's trading partners, where all prices are expressed in a common currency. While Kazakhstan is a price taker in world markets for the largest share of its exports (oil, industrial metals and steel are typically denominated in U.S. dollars), import demand will be far more sensitive to the real exchange rate. The calculation of the real effective exchange rate encounters two methodological problems. Firstly, there are no readily available price data for tradable goods. In their absence consumer price indices (CPI) are commonly used, possibly biasing the measure due to the inclusion of nontradable goods. Secondly, given the large share of oil in exports, using total bilateral merchandise trade for the weights attributed to Kazakhstan's trading partners could produce misleading results with regard to the competitiveness of nonoil exports.

50. With these caveats in mind, Figure 10 charts the evolution of Kazakhstan's real exchange rate, using CPI price indices and trade weights that exclude trade in oil products and shuttle trade.[38] This figure documents the sharp real appreciation at the time of the depreciation of the Russian ruble in August 1998, and the subsequent real depreciation at the time of the depreciation of the tenge in April 1999. This shock interrupted a secular trend appreciation from mid-1995 through mid-1999 which featured an average real appreciation of about 9.6 percent per annum.

[38] These weights correspond to the second weighting scheme derived in Republic of Kazakhstan—Selected Issues and Statistical Appendix (SM 99/152 of June 30, 1999), which also provides more detail on alternative weighting schemes.

Figure 10. Kazakhstan: Real Effective Exchange Rate, 1995-2000 (1995=100)

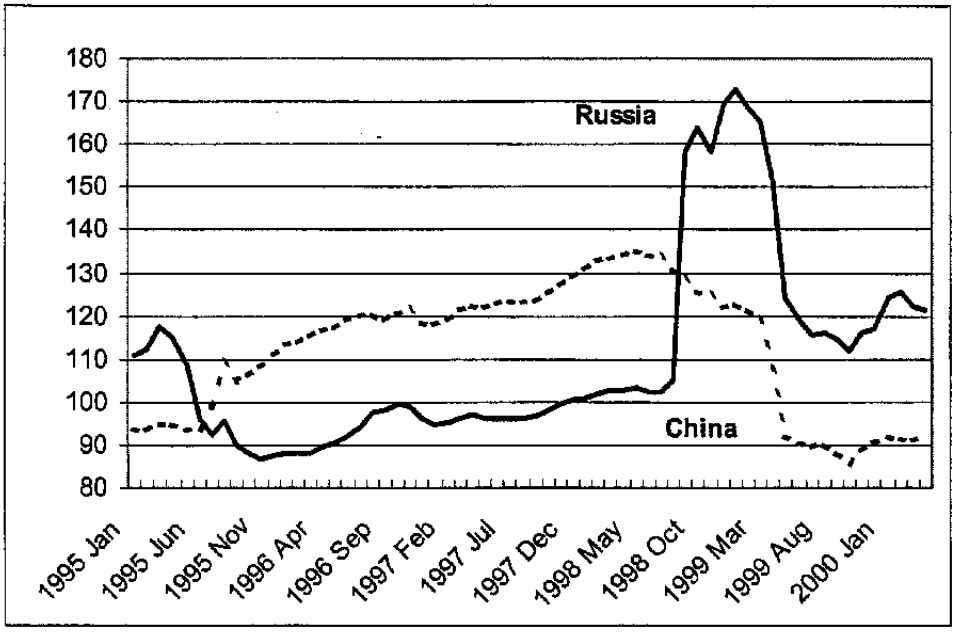


Source: Fund staff estimates.

Note: An increase represents an appreciation.

51. The evolution of real effective tenge rate since April 1999 has been the result of very different variations in the bilateral rates. Figure 11 charts the bilateral real exchange rates vis-à-vis the Russian and Chinese currencies, Figure 12 those for the deutsche mark and the U.S. dollar. The bilateral ruble rate accounts for 30 percent of the basket of currencies that determine the real effective exchange rate and is a key determinant of informal trade along the Russian border. While the floating of the tenge in April 1999 clearly reversed most of the previous real appreciation, in June 2000 the real tenge rate is about 20 percent above its level prior to the Russian financial crisis. A markedly different picture emerges with regard to the other major trading partners. In real terms, the Chinese currency is now almost 25 percent below its level prior to the devaluation of the tenge (Figure 11). Similarly, the U.S. dollar and the deutsche mark, which account for 8.9 percent and 9.6 percent of the currency basket respectively are still below their real levels prior to the Russian crisis. Given the recent strength of the U.S. currency the real depreciation of the tenge vis-à-vis the dollar—by about one third compared to the level prevailing in 1996–98—is substantial.

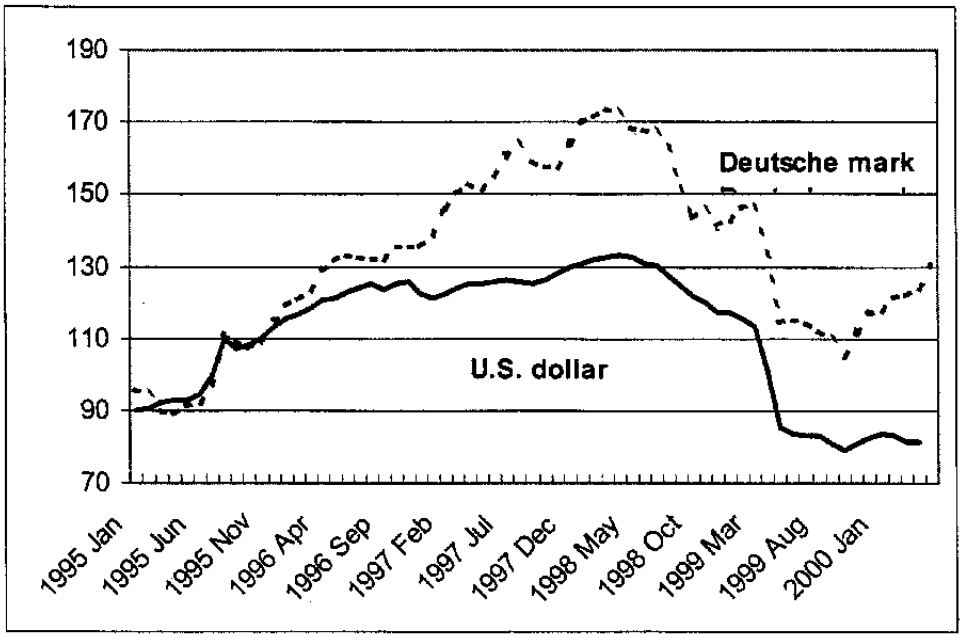
Figure 11. Kazakhstan: Real Exchange rate vis-à-vis the Russian Ruble and the Chinese Yuan, 1995–2000 (1995=100)



Source: Fund staff estimates.

Note: An increase represents an appreciation.

Figure 12. Kazakhstan: Real Exchange Rate vis-à-vis the U.S. Dollar and the Deutsche Mark, 1995–2000 (1995=100)



Source: Fund staff estimates.

Note: An increase represents an appreciation.

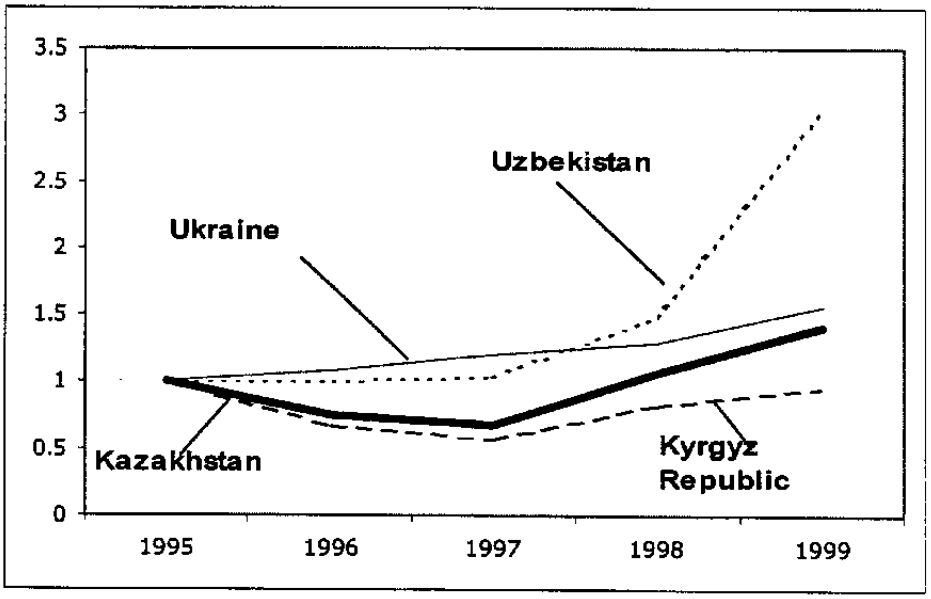
D. External Competitiveness

52. The evolution of the real exchange rate indices reviewed above suggests that a significant adjustment has taken place in 1999 so that Kazakhstan's real exchange rate is at a level last seen in 1996; vis-à-vis Russia the tenge depreciation of April 1999 reversed most—though not all—of the real exchange rate appreciation associated with the ruble depreciation of August 1998. However, this assessment needs to be qualified by studying a number of indicators of external competitiveness.

Relative unit labor costs

53. A real exchange rate appreciation is consistent with external competitiveness where it is matched by a commensurate increase in productivity in the tradable sector, thereby keeping unit labor costs unchanged. Indices of relative unit labor costs can be estimated by using GDP growth as proxies for productivity growth. Figure 13 suggests that in dollar terms Kazakhstani goods were almost 42 percent more expensive in 1999 than Russian goods, an apparent deterioration of external competitiveness that would be much worse than what is apparent in the bilateral real exchange rate (Figure 11). While countries like Ukraine or Uzbekistan have similarly lost in competitiveness vis-à-vis Russia, Russia is Kazakhstan's principal competitor in the European steel market, and in the world markets for industrial metals and minerals.

Figure 13. Estimated Dollar Unit Labor Costs Relative to Russia,* 1995–2000 (1995=1)



Source: Fund staff estimates.

Note: Relative unit wage rates estimates are based on the assumption that productivity rates grow in line with GDP.

Nonoil exports

54. A phenomenon that is often observed in resource-rich economies is that capital inflows and the subsequent real exchange rate appreciation lead to the crowding-out of the nonresource tradable sector. Higher dependence on a few commodities increases the vulnerability to fluctuations in international markets. Both real exchange rate indices and relative unit wage rates suggest that Kazakhstan has lost competitiveness vis-à-vis Russia, the largest destination for Kazakhstan's exports (Statistical Appendix Table 32). Text Table 6 indeed documents that nonoil exports have declined in nominal terms over the past two years, and have become less important relative to total exports and national income. However, this decline in nonoil exports is primarily a regional phenomenon. Russia alone accounted for three quarters of the decline in nonoil exports between 1997 and 1999. Moreover, the aggregate decline in export revenues has gone in parallel with only moderate declines in volumes in 1998 and increases in volumes in the last year. Exports of steel products—which are second only to oil—grew by about 25 percent in volume terms in 1999. Figures for the first quarter of 2000 show a recovery in both prices and volumes compared to the corresponding quarter one year earlier.

55. Hence, while no immediate threat to the performance of nonoil products can be discerned, enabling a diversified export structure will require continued vigilance. Recent trends in FDI flows therefore could be a source of concern: while FDI flows to nonoil sectors accounted for an average of 44 percent in the years 1993–96, this ratio amounted to only about 15 percent in 1999 (Table 35). Clearly, this development could be due as much to concerns on the side of potential investors about external competitiveness, as about regulatory aspects of the investment climate.

Text Table 6. Kazakhstan: Indicators of Nonoil Exports, 1995–2000
(In percent)

	1995	1996	1997	1998	1999	Q1 2000
Growth rate (p.a.)						
nominal	...	11.1	3.8	-19.3	-6.4	...
real 1/	...	...	30.0	-3.5	7.1	...
Share in GDP	27.4	24.2	23.3	19.3	24.7	27.0
Share in total exports	83.3	80.0	75.8	71.9	65.9	55.8

Source: Kazakhstani authorities; and Fund staff estimates.

1/ Volume growth is based on customs data for 18 commodities, which accounted for about two thirds of nonoil exports. To calculate the average number, the volume growth for an individual commodity in any one year has been weighted with its share in the previous year's value of exports (variable shares).

E. Conclusions

56. Over the course of 1999 Kazakhstan has seen a considerable correction of its external competitiveness. Still, movements in aggregate indicators, such as the improvement in the terms of trade or the depreciation of the real effective exchange rate conceal two trends for Kazakhstan's economy. Firstly, the recovery in export prices is largely due to one commodity, petroleum, which occupies a steadily growing share in Kazakhstan's export trade. This changing trade structure has rendered export earnings more volatile and subject to considerable downward risk. Secondly, while the tenge depreciation in April 1999 has reversed most of the real appreciation vis-à-vis Russia, in real terms the tenge ruble rate is still 20 percent above its level before the Russian financial crisis. Other indices, as for instance estimates for relative unit wage rates, or the performance of nonoil exports to Russia would suggest a worsening competitive position vis-à-vis what is still Kazakhstan's largest trade partner and competitor in export markets.

Table 1. Kazakhstan: Value Added in the Main Production Sectors, 1995-2000

	1995	1996	1997	1998	1999	2000 QI
	(In millions of tenge)					
Nominal GDP	1,014,281	1,415,750	1,672,143	1,733,264	1,893,477	498,162
Industry	238,733	299,958	357,452	422,521	484,751	160,359
Agriculture	125,134	172,044	190,738	148,468	186,680	17,591
Construction	65,501	62,301	70,723	85,579	90,267	13,600
Transport and communication	108,203	159,704	195,625	239,386	244,907	66,242
Trade and catering	174,642	244,417	261,643	262,654	283,310	78,157
Others 1/	302,068	477,326	595,962	574,656	603,562	162,213
	(In percent)					
Real GDP growth	-8.2	0.5	1.7	-1.9	1.7	9.2
Industry	-8.6	0.3	4.1	-2.4	2.2	15.2
Agriculture	-24.4	-5.0	-0.8	-18.9	21.6	5.1
Construction	-37.6	-21.8	8.0	15.0	2.4	29.9
Transport and communication	-12.5	1.5	3.3	-0.9	-0.5	19.4
Trade and catering	6.1	10.7	3.0	-3.2	-0.9	7.0
Others 1/	8.0	-0.6	2.8	2.7	-2.7	1.5
	(In percent of GDP)					
Share of GDP						
Industry	23.5	21.2	21.4	24.4	25.6	32.2
Agriculture	12.3	12.2	11.4	8.6	9.9	3.5
Construction	6.5	4.4	4.2	4.9	4.8	2.7
Transport and communication	10.7	11.3	11.7	13.8	12.9	13.3
Trade and catering	17.2	17.3	15.6	15.2	15.0	15.7
Others 1/	29.8	33.7	35.6	33.2	31.9	32.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Sources: National Statistical Agency; and Fund staff estimates.

1/ Mainly services.

Table 2. Kazakhstan: Industrial Production, 1995-99 1/

	1995	1996	1997	1998	1999
	(In millions of tenge)				
Gross output	668,787	748,428	891,028	1,083,045	1,334,578
Mining	...	...	...	342,067	480,682
Output for electricity sector	...	...	...	213,682	391,209
Others	...	...	...	128,385	89,473
Manufacturing	...	...	...	537,909	705,329
Agricultural products	...	...	...	170,751	173,053
Textiles	...	...	...	19,708	20,869
Leather products and shoes	...	...	...	1,632	537
Wood products	...	...	...	3,357	4,065
Paper products	...	...	...	8,725	12,486
Processing of coke, oil, and nuclear products	...	...	...	95,454	72,459
Chemical products	...	...	...	13,406	14,318
Plastic and rubber products	...	...	...	2,834	2,844
Other non-metallic products	...	...	...	13,804	11,365
Metallurgy	...	...	...	167,181	346,577
Cars and machine-building	...	...	...	21,223	30,688
Electrical and electronic equipment	...	...	...	7,375	7,061
Transportation equipment	...	...	...	7,630	4,092
Other	...	...	...	4,829	4,915
Production and distribution of electrical power, gas, and water	...	...	...	203,069	148,567
	(In percent of total)				
Total					
Mining	...	...	...	31.6	36.0
Output for electricity sector	...	...	...	19.7	29.3
Others	...	...	...	11.9	6.7
Manufacturing	...	...	...	49.7	52.9
Agricultural products	...	...	...	15.8	13.0
Textiles	...	...	...	1.8	1.6
Leather products and shoes	...	...	...	0.2	0.0
Wood products	...	...	...	0.3	0.3
Paper products	...	...	...	0.8	0.9
Processing of coke, oil, and nuclear products	...	...	...	8.8	5.4
Chemical products	...	...	...	1.2	1.1
Plastic and rubber products	...	...	...	0.3	0.2
Other non-metallic products	...	...	...	1.3	0.9
Metallurgy	...	...	...	15.4	26.0
Cars and machine-building	...	...	...	2.0	2.3
Electrical and electronic equipment	...	...	...	0.7	0.5
Transportation equipment	...	...	...	0.7	0.3
Other	...	...	...	0.4	0.4
Production and distribution of electrical power, gas, and water	...	...	...	18.7	11.1

Sources: National statistical agency; and Fund staff estimates.

1/ Starting in 1998 a new classification was introduced, comparable categories are not available for data prior to 1998.

Table 3. Kazakhstan: Production of Selected Industrial Goods, 1995-2000

	1995	1996	1997	1998	1999	2000 QI-QII
Production						
Crude oil (in thousands of metric tons) 1/	20,641	22,960	25,778	25,945	30,130	16,446
Coal (in thousands of metric tons)	83,355	76,831	72,647	69,773	58,378	34,334
Natural gas (in millions of cubic meters) 2/	5,916	6,524	8,114	7,948	9,946	5,543
Iron ore (in thousands of metric tons)	14,902	12,975	13,133	9,336	9,617	7,745
Electricity (in millions of kwh)	66,659	59,038	52,000	49,145	47,497	26,130
Mineral fertilizers (in thousands of tons)	197	191	151	24	35	3
Textiles						
Cotton yarn (in thousands of tons)	4	3	2	2	2	1
Woven cotton fabrics (in millions of square meters)	21	21	14	10	9	3
Paper (in metric tons)	174	67	154	0	0	0
Tires (in thousands)	83	107	1	167	302	116
Building materials (in thousands of tons) 3/	1,772	1,115	657	622	838	400
Cast iron (in thousands of tons)	2,530	2,536	3,089	2,594	3,438	2,102
Processed meat (in thousands of tons)	273	173	157	104	90	5
Milk products (in thousands of tons)	279	250	203	111	90	17
	(Percent changes compared to previous year)					
Production Growth						
Crude oil (in thousands of metric tons) 1/	1.8	11.2	12.3	0.6	16.1	...
Coal (in thousands of metric tons)	-20.3	-7.8	-5.4	-4.0	-16.3	...
Natural gas (in millions of cubic meters) 2/	31.8	10.3	24.4	-2.0	25.1	...
Iron ore (in thousands of metric tons)	41.6	-12.9	1.2	-28.9	3.0	...
Electricity (in millions of kwh)	0.4	-11.4	-11.9	-5.5	-3.4	...
Mineral fertilizers (in thousands of tons)	56.3	-3.2	-20.8	-84.1	45.8	...
Textiles						
Cotton yarn (in thousands of tons)	-80.0	-25.0	-33.3	0.0	0.0	...
Woven cotton fabrics (in millions of square meters)	-75.3	0.0	-33.3	-28.6	-10.0	...
Paper (in metric tons)	-75.9	-61.5	129.9	0.0	0.0	...
Tires (in thousands)	-68.6	28.9	-99.5	16,600.0	80.8	...
Building materials (in thousands of tons) 3/	-12.8	-37.1	-41.1	-5.3	34.7	...
Cast iron (in thousands of tons)	3.9	0.2	21.8	-16.0	32.5	...
Processed meat (in thousands of tons)	-33.7	-36.6	-9.2	-33.8	-13.5	...
Milk products (in thousands of tons)	-49.5	-10.4	-18.8	-45.3	-18.9	...

Source: National Statistical Agency.

1/ Includes gas condensates.
2/ Consists of both gas from oil wells (gas-oil) and gas from gas wells.
3/ Including cement.

Table 4. Kazakhstan: Production of Selected Agricultural Goods, 1995-2000

	1995	1996	1997	1998	1999	2000 QI
	(In thousands of metric tons; unless otherwise indicated)					
Production						
Meat	1,774	1,541	1,346	1,213	1,182	480
Milk	4,619	3,627	3,220	3,394	3,535	1,803
Eggs (in millions)	1,841	1,263	1,242	1,388	1,512	844
Wool	58	42	32	25	22	19
Cereals	9,506	11,237	12,238	6,396	14,264	...
Of which:						
Wheat	6,490	7,678	8,955	4,746	11,242	...
Rice	184	226	255	236	199	...
Barley	2,208	2,696	2,583	1,093	2,265	...
Oats	250	359	286	73	194	...
Soybean	4	3	3	4	4	...
Potatoes	1,720	1,657	1,472	1,263	1,695	20
Tobacco	2	2	2	9	8	...
Vegetables	780	778	880	1,079	1,287	16
	(Percent change from previous year)					
Growth of production						
Meat	-15.6	-13.1	-12.7	-9.9	-2.5	...
Milk	-12.8	-21.5	-11.2	5.4	5.1	...
Eggs	-30.0	-31.4	-1.6	11.8	8.4	...
Wool	-22.6	-27.6	-23.2	-22.8	-10.8	...
Cereals	-42.2	18.2	8.9	-47.7	123.0	...
Of which:						
Wheat	-28.3	18.3	16.6	-47.0	136.9	...
Rice	-35.1	23.3	12.7	-7.5	-15.6	...
Barley	-59.8	22.1	-4.2	-57.7	107.2	...
Oats	-69.6	43.6	-20.3	-74.5	166.0	...
Soybean	-32.7	-18.9	0.0	33.3	0.0	...
Potatoes	-15.7	-3.7	-11.1	-14.2	34.2	...
Tobacco	-39.3	0.0	17.6	350.0	-11.1	...
Vegetables	-0.2	-0.2	13.1	22.6	19.3	...
	(In percent of total production)					
Share produced by private farms						
Meat	64.6	69.8	76.0	86.4	91.4	93.6
Milk	71.1	78.1	87.1	92.2	94.8	94.7
Eggs	39.6	45.8	47.2	45.5	47.6	49.9
Wool	51.5	58.4	73.7	82.2	87.5	90.5
Potatoes	85.7	87.5	88.8	91.5	94.9	95.0
Vegetables	70.1	75.9	80.4	88.7	88.6	88.6

Source: National Statistical Agency.

Table 5. Kazakhstan: Livestock Population, 1995-99

	1995	1996	1997	1998	1999
	(Thousand heads; end-of-period)				
Animal population					
Cattle	6,860	5,425	4,307	3,958	3,998
Of which					
Cows	3,045	2,547	2,110	1,953	1,962
Sheep and goats	19,584	13,679	10,384	9,556	9,556
Pigs	1,623	1,037	879	892	984
Horses	1,557	1,310	1,083	986	970
Poultry	20,810	15,378	15,982	16,985	18,022
	(Percent change from previous year)				
Growth of animal population					
Cattle	-19.8	-20.9	-20.6	-8.1	1.0
Of which					
Cows	-13.6	-16.4	-17.2	-7.4	0.5
Sheep and goats	-34.2	-30.2	-24.1	-8.0	0.0
Pigs	-24.4	-36.1	-15.2	1.5	10.3
Horses	-5.6	-15.9	-17.4	-8.9	-1.7
Poultry	-53.9	-26.1	3.9	6.3	6.1

Source: National Statistical Agency.

Table 6. Kazakhstan: Consumer Prices, 1997-2000

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
						(In monthly percent change)						
1997												
Total	2.1	1.7	0.8	0.8	0.4	0.8	0.7	-0.3	-0.1	1.1	1.5	1.3
Food	2.2	1.7	0.8	-0.1	-0.4	0.0	-0.3	-1.2	-0.4	0.2	1.3	1.9
Bread and cereals	-0.4	0.2	-0.2	-0.3	-0.4	-0.1	-0.7	-0.2	-0.1	-0.3	-0.5	-0.4
Meat and poultry	0.9	1.2	0.9	2.7	2.6	0.5	0.5	0.2	0.5	0.1	0.0	1.5
Fish	1.3	1.5	0.2	0.1	-0.9	-2.2	-0.6	0.2	0.5	0.1	2.0	1.4
Dairy products	3.4	2.3	1.2	-2.8	-4.3	-4.5	-0.6	0.5	1.1	3.8	6.4	6.2
Eggs	8.2	0.9	-1.2	-4.0	-6.7	-7.4	-2.8	-2.4	2.5	4.5	5.0	4.1
Oils and fats	2.0	2.3	1.8	0.5	-0.8	-1.9	-1.0	0.1	2.6	2.4	1.3	1.4
Fruits and Vegetables	15.1	8.0	2.7	-2.6	-3.1	-4.5	-10.5	-13.1	-6.7	-0.4	12.0	12.4
Sugar, coffee, tea and condiments	0.6	1.4	1.2	0.9	0.6	8.9	6.6	-1.4	-2.6	-2.2	-1.3	0.5
Beverages at home	0.1	0.5	0.5	0.1	0.4	-0.4	0.5	0.7	0.3	0.1	1.3	1.1
Food and beverages away from home	2.0	0.8	2.6	0.9	0.3	0.4	0.5	0.6	0.0	0.4	0.4	1.4
Tobacco	1.2	0.3	0.4	0.8	0.5	0.7	0.8	0.6	0.8	0.6	1.2	0.8
Clothing and footwear	0.5	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.2	0.3	0.5	0.4
Rent, water, and power	2.9	3.0	1.3	7.3	1.8	5.1	5.3	2.3	0.1	4.9	3.9	0.5
Household goods	0.3	0.1	0.1	0.3	0.2	0.1	0.0	0.1	0.1	0.2	0.0	0.1
Medical care	0.3	-0.2	0.9	-1.1	1.6	0.5	-0.2	-0.9	0.1	0.1	-0.2	0.1
Transportation and communication	6.4	2.5	-0.6	3.5	1.0	0.8	1.0	0.1	0.2	2.1	1.0	0.9
Recreation, education and culture	1.1	4.0	2.7	1.3	3.3	0.5	1.2	0.5	0.4	0.4	0.2	0.7
Personal care	1.0	2.1	0.6	0.4	0.9	-0.4	-0.1	0.1	0.0	0.4	0.0	0.0
1998												
Total	1.8	1.1	0.7	0.5	0.3	-0.8	-0.2	-1.0	-0.1	-0.7	0.0	0.3
Food	2.7	1.3	1.2	0.1	0.6	-1.4	-1.8	-1.9	-0.5	-1.1	-0.2	0.6
Bread and cereals	-0.1	-0.3	-0.5	-0.6	-1.0	-0.8	-0.8	-0.6	0.0	-0.2	-1.1	-0.7
Meat and poultry	5.4	3.1	4.7	1.2	2.6	1.1	-0.2	-1.0	-0.8	-3.2	-3.2	-2.3
Fish	1.5	1.4	0.2	-0.3	-1.4	-1.3	-0.6	-0.6	0.2	0.1	0.1	1.1
Dairy products	2.8	1.1	-1.7	-2.9	-3.3	-3.6	-2.1	-0.4	2.4	1.4	3.6	2.9
Eggs	4.1	-1.7	-2.9	0.2	-4.5	-5.7	-4.7	-0.6	1.7	-0.6	-1.4	5.6
Oils and fats	0.0	0.2	-0.2	-0.7	-1.1	-1.6	-1.2	0.1	7.5	-2.7	-0.8	-0.1
Fruits and Vegetables	13.6	5.6	5.4	2.6	7.0	-7.1	-10.4	-14.2	-14.1	-1.6	7.7	11.1
Sugar, coffee, tea and condiments	0.6	0.5	0.1	-0.4	-0.8	-0.6	-1.1	-0.5	1.4	-0.6	-0.3	0.3
Beverages at home	0.4	0.3	0.2	0.1	0.2	0.0	0.1	-0.2	0.4	0.0	0.8	0.1
Food and beverages away from home	0.5	0.2	0.9	1.3	0.2	0.5	0.2	-0.1	1.7	0.0	0.8	0.1
Tobacco	1.0	1.7	0.6	0.6	1.8	0.7	0.5	0.2	0.3	0.7	0.2	0.1
Clothing and footwear	0.2	0.2	0.3	0.2	0.2	0.0	0.0	0.1	0.3	0.3	0.3	0.2
Rent, water, and power	1.4	1.8	0.0	1.0	0.0	0.0	4.5	0.3	0.3	-0.9	0.3	0.2
Household goods	0.1	0.0	0.0	0.4	-0.1	-0.2	-0.2	-0.1	0.6	-0.1	0.0	-0.1
Medical care	0.1	-0.2	-0.2	-0.5	-0.3	-0.5	0.0	0.0	-0.7	-0.8	-0.7	-0.5
Transportation and communication	1.4	0.8	-0.1	1.4	-0.1	-0.3	0.3	-0.4	0.0	-0.2	0.0	-0.4
Recreation, education and culture	0.3	0.3	0.2	0.5	0.3	0.0	0.7	0.2	1.0	0.4	0.0	0.0
Personal care	0.9	0.6	0.4	9.7	0.2	-0.2	0.2	-0.1	0.2	-0.2	0.2	0.0
1999												
Total	0.9	-0.2	-0.2	4.6	1.4	4.8	1.1	-0.3	0.7	0.7	1.7	1.7
Food	1.0	-0.3	-0.3	5.7	1.7	6.6	0.6	-1.2	0.3	0.6	2.1	2.7
Bread and cereals	-0.3	-0.4	1.2	3.1	1.1	16.7	9.2	0.7	0.4	-3.1	-2.5	-1.2
Meat and poultry	-0.7	-1.9	-1.1	1.6	2.6	2.1	1.6	1.0	1.6	2.3	1.4	5.3
Fish	0.0	-0.8	-0.9	-1.0	-0.2	1.3	1.4	0.8	1.2	2.6	3.8	3.0
Dairy products	1.4	-0.4	-1.7	-1.6	-3.0	-1.6	-0.9	0.4	3.0	4.5	6.6	4.7
Eggs	5.9	-1.1	-5.8	1.3	-9.4	-3.1	4.0	9.6	2.4	2.4	4.7	12.0
Oils and fats	0.2	-0.8	-0.7	8.0	0.3	2.7	1.9	1.8	2.5	4.1	1.3	-0.1
Fruits and Vegetables	9.5	2.8	4.1	10.9	10.7	10.2	-19.0	-16.9	-5.9	3.4	14.0	13.0
Sugar, coffee, tea and condiments	0.4	-0.2	-0.3	11.7	0.4	4.8	0.6	-1.2	-0.8	0.5	-0.3	-0.1
Beverages at home	0.1	-0.1	-0.1	4.6	0.0	0.6	0.3	0.0	0.2	0.8	7.8	1.3
Food and beverages away from home	0.1	0.3	0.2	7.5	2.0	3.4	2.1	0.7	0.8	0.5	0.8	0.4
Tobacco	0.7	0.9	4.1	29.0	1.2	2.7	0.0	-0.8	0.2	-0.2	0.1	1.2
Clothing and footwear	0.2	0.1	0.0	3.5	0.6	2.0	0.6	0.6	1.5	1.5	1.3	0.9
Rent, water, and power	2.1	-0.1	-0.1	0.3	1.2	0.7	1.6	0.4	-0.2	0.0	1.0	0.3
Household goods	0.0	-0.1	-0.3	9.9	1.7	3.7	0.9	0.5	0.6	1.8	0.7	0.6
Medical care	-0.5	-1.2	-0.9	6.4	-0.2	0.9	0.4	0.2	0.6	1.1	0.7	0.5
Transportation and communication	0.0	-0.8	-0.5	3.5	2.4	8.6	4.3	1.8	3.0	0.0	2.0	0.3
Recreation, education and culture	0.3	1.2	0.4	6.6	0.7	2.8	1.1	0.9	1.8	1.2	0.7	0.7
Personal care	0.1	0.3	0.4	11.7	2.5	3.1	1.7	0.6	0.6	1.4	1.0	0.7
2000												
Total	2.6	0.1	0.0	0.4	0.7	0.7						
Food	3.5	0.2	-0.1	0.3	1.1	1.0						
Bread and cereals	-0.5	-0.8	-0.6	0.4	1.6	2.4						
Meat and poultry	8.9	0.9	1.0	2.3	2.6	0.7						
Fish	2.3	1.6	-0.7	-1.3	0.8	-0.1						
Dairy products	3.4	0.3	-3.0	-3.4	-3.0	-3.6						
Eggs	8.8	-9.5	-7.0	-4.5	-1.3	-3.2						
Oils and fats	0.6	-0.6	-0.8	-2.2	-1.3	-1.4						
Fruits and Vegetables	13.5	5.1	3.4	2.4	3.0	-0.3						
Sugar, coffee, tea and condiments	0.7	-0.8	-0.7	-0.6	0.8	5.2						
Beverages at home	0.5	0.4	0.3	0.2	0.0	0.1						
Food and beverages away from home	2.1	0.7	0.7	1.2	0.9	0.4						
Tobacco	0.3	0.5	0.8	2.5	0.2	0.3						
Clothing and footwear	0.6	0.4	0.3	0.4	0.5	0.4						
Rent, water, and power	3.8	-0.6	0.1	0.1	0.1	0.1						
Household goods	0.4	0.1	-0.3	-0.1	0.5	0.3						
Medical care	0.7	0.5	0.9	0.7	0.2	0.4						
Transportation and communication	-0.1	-0.1	-0.9	1.4	0.6	0.7						
Recreation, education and culture	0.7	0.3	0.4	0.2	0.1	0.1						
Personal care	0.7	0.4	0.1	0.2	0.4	0.7						
						(Percentage change over previous year)						
Memorandum items:												
Total 1997	26.2	25.2	24.1	21.5	19.5	17.6	16.4	15.3	13.7	11.7	10.6	11.2
Total 1998	10.8	10.1	10.0	9.7	9.6	7.9	6.9	6.1	6.2	4.3	2.8	1.9
Total 1999	1.0	-0.3	-1.2	2.8	3.9	9.8	11.2	11.9	12.8	14.3	16.3	17.8
Total 2000	19.8	20.2	20.4	14.7	10.2							

Sources: National Statistical Agency; and Fund staff estimates.

Table 7. Kazakhstan: Administered Prices, 1997-2000 1/

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
	(Administratively set price for the corresponding month, in Tenge)											
1997												
Wholesale prices	...	...	...	...	...	...	...	...	...	...	...	...
Oil 2/	...	...	...	...	...	...	...	...	...	...	...	...
Coal 2/	...	...	...	...	...	...	...	...	...	...	...	...
Natural gas	547.0	547.0	548.0	548.0	563.0	563.0	563.0	563.0	563.0	563.0	594.0	594.0
Gasoline 3/	...	...	...	...	...	...	...	...	...	...	...	...
Diesel fuel 3/	...	...	...	...	...	...	...	...	...	...	...	...
Fuel oil 3/	4,292.0	4,315.0	4,295.0	3,639.0	3,393.0	3,367.0	3,284.0	3,282.0	3,448.0	3,709.0	3,704.0	3,823.0
Electricity	2,589.0	2,664.0	2,726.0	2,726.0	2,738.0	2,740.0	2,988.0	2,999.0	3,021.0	2,999.0	2,970.0	3,093.0
Retail prices												
White bread 3/	33.9	34.0	34.1	34.0	33.8	33.7	33.4	33.4	33.4	33.4	33.2	33.2
Gasoline A93 3/	26.1	27.2	27.0	27.0	26.7	26.2	26.6	27.3	27.2	27.1	27.5	28.8
Gasoline A76 3/	22.7	22.2	21.5	20.9	20.1	19.6	20.0	20.1	19.9	19.7	21.3	24.9
Diesel fuel 3/	12,808.1	13,450.7	13,922.1	14,067.0	13,877.8	13,841.2	13,968.2	15,011.1	15,228.9	15,353.2	15,474.7	16,659.3
Fuel 3/	6,001.8	5,880.9	5,930.5	5,893.5	6,611.9	6,597.8	6,611.9	5,931.8	6,190.9	6,157.9	6,101.6	6,199.0
Electricity in rural areas	...	...	...	...	...	...	...	...	...	...	...	...
Electricity in urban areas	2.3	2.4	2.4	2.8	2.9	2.9	3.1	3.1	3.1	3.2	3.4	3.5
Electrical heating	...	...	...	...	...	...	...	...	...	...	...	...
Water and sewage	18.9	19.8	20.1	21.0	22.1	22.1	23.2	23.4	23.4	23.6	24.0	24.2
Hot water	57.9	58.1	57.7	59.3	67.2	67.4	63.5	64.9	64.9	65.3	75.2	75.2
Rent	5.0	5.0	5.0	5.1	5.2	5.3	5.3	6.2	6.3	6.3	6.3	6.3
Transportation (public) 4/	11.5	12.3	12.3	12.0	12.1	12.1	12.5	12.6	12.6	12.9	12.9	13.4
Telephone subscription	200.5	200.0	20.0	270.0	270.0	270.0	270.0	270.0	270.0	320.0	320.0	320.0
1998												
Retail prices												
White bread 3/	33.6	33.4	33.7	33.6	33.4	33.2	33.0	32.9	33.0	32.9	32.6	32.4
Gasoline A93 3/	30.9	30.7	29.1	28.5	28.3	27.8	27.5	27.9	26.8	26.5	26.4	26.2
Gasoline A76 3/	25.7	24.7	23.4	22.4	21.8	21.1	21.5	20.8	19.5	18.8	18.1	18.0
Diesel fuel 3/	17,399.0	17,171.5	16,516.0	16,418.0	16,392.8	15,997.2	16,139.0	15,923.0	15,515.8	15,265.9	14,935.5	14,350.4
Fuel 3/	6,464.5	6,573.4	6,675.1	6,572.2	6,655.5	6,655.5	6,226.8	6,236.6	6,058.1	6,182.5	6,202.6	6,178.3
Electricity in rural areas												
Electricity in urban areas	3.5	3.6	3.6	3.6	3.6	3.6	3.8	3.8	3.8	3.7	3.7	3.7
Electrical heating												
Water and sewage	27.9	27.5	27.5	27.7	27.7	27.7	28.7	28.9	28.4	27.6	27.2	27.4
Hot water	76.5	80.5	80.4	81.1	81.1	81.2	81.4	81.7	81.7	77.6	77.4	78.4
Rent	6.4	6.5	6.6	6.7	6.7	6.7	6.8	7.0	6.9	6.9	6.9	6.9
Transportation (public) 4/	13.5	14.1	14.3	14.2	14.3	14.3	14.3	14.2	14.2	13.9	13.8	13.7
Telephone subscription	320.0	320.0	320.0	340.0	338.3	338.3	338.3	338.3	338.3	338.3	338.3	338.3
1999												
Retail prices												
White bread 3/	32.0	32.0	32.0	32.0	32.0	37.0	39.0	39.0	39.0	38.0	37.0	37.0
Gasoline A93 3/	26.0	24.9	24.3	25.4	27.6	35.4	37.6	40.4	44.1	42.9	43.6	44.6
Gasoline A76 3/	17.7	16.7	15.7	18.9	21.9	31.4	31.9	34.6	37.3	35.9	37.4	37.5
Diesel fuel 3/	14,026.0	13,490.0	12,436.0	13,197.0	13,624.0	14,158.0	15,131.0	18,030.0	23,007.0	24,691.0	29,870.0	32,311.0
Fuel 3/	6,202.1	6,148.0	5,982.8	6,545.0	7,039.0	6,818.0	6,866.0	6,988.0	7,397.0	7,692.0	8,189.0	8,343.0
Electricity in rural areas												
Electricity in urban areas	374.0	374.0	374.0	371.0	374.0	377.0	377.0	373.0	377.0	377.0	377.0	377.0
Electrical heating												
Water and sewage	27.6	27.6	27.6	27.5	27.5	27.5	29.0	28.7	28.7	28.7	28.7	28.7
Hot water	78.6	77.2	77.2	77.2	77.2	78.1	80.9	81.2	81.2	81.2	82.1	80.9
Rent	7.0	7.0	7.0	6.9	6.9	6.9	6.8	6.8	6.9	6.8	6.8	6.9
Transportation (public) 4/	13.7	13.7	13.6	13.5	13.4	14.0	14.6	15.0	15.4	15.4	15.7	15.7
Telephone subscription	338.0	338.0	338.0	338.0	338.0	338.0	360.0	360.0	360.0	363.0	363.0	363.0
2000												
Retail prices												
White bread 3/	36.0	36.0	36.0	36.0	36.0	37.0						
Gasoline A93 3/	42.0	40.0	38.0	38.0	39.0	40.0						
Gasoline A76 3/	34.0	31.0	29.0	30.0	30.0	31.0						
Diesel fuel 3/	28,786.0	26,649.0	27,124.0	29,172.0	29,342.0	28,720.0						
Fuel 3/	9,107.0	9,180.0	9,262.0	9,273.0	9,272.0	9,272.0						
Electricity in rural areas												
Electricity in urban areas	383.0	382.0	382.0	381.0	381.0	381.0						
Electrical heating												
Cold water	20.0	20.0	20.0	20.0	20.0	20.0						
Sewage	11.0	11.0	11.0	11.0	11.0	11.0						
Hot water	84.5	85.2	85.2	85.2	85.2	85.2						
Rent	7.1	7.1	7.1	7.1	7.1	7.1						
Transportation (public) 4/	16.0	16.1	16.1	16.1	16.1	16.1						
Telephone subscription	362.0	354.0	354.0	354.0	354.0	354.0						

Sources: National Statistical Agency; and Fund staff estimates.

1/ Rents, utility fees (heating, water), and local transportation fares are set administratively at the regional (oblast) level. All other prices are set at the national level.
2/ Prices were liberalized in the second quarter of 1994.
3/ Prices were liberalized in the fourth quarter of 1994.
4/ Prices were liberalized in August of 1994.

Table 8. Kazakhstan: Wholesale Prices, 1998-2000

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
						(In monthly percent change)						
1998												
Total	0.2	0.7	-0.2	-0.4	-0.6	-0.9	-0.8	-1.0	-0.7	-0.5	-1.3	0.0
Mining and extraction industry	0.8	0.5	-0.5	0.0	-1.5	-1.1	1.5	-3.5	-3.9	-0.4	-3.2	-0.4
Extraction of energy resources	0.8	0.5	-0.7	-0.3	-2.2	-1.5	2.2	-3.9	-5.6	-0.9	-4.5	0.2
Extraction of coal and lignite	0.4	0.4	-1.8	0.1	0.1	0.2	-0.1	0.0	1.4	0.1	1.4	0.4
Extraction of crude oil and natural gas	1.0	0.5	-0.3	-0.4	-3.0	-2.1	3.1	-5.4	-8.4	-2.3	-7.1	0.2
Extraction of crude oil	1.0	0.6	-0.3	-0.4	-3.2	-2.2	3.2	-5.7	-8.8	-1.4	-7.5	0.2
Extraction of natural gas	0.0	0.0	0.0	0.0	0.7	0.1	0.4	0.4	1.0	0.9	0.7	0.5
Mining and extraction industry, other than the extraction of energy resources	0.5	0.5	0.1	0.9	0.7	0.4	-1.0	-1.8	1.7	0.8	0.6	-2.3
Mining of metallic ores	0.5	0.4	1.0	-0.2	0.8	0.6	-1.2	-2.1	1.8	0.9	0.4	-2.6
Other sectors of mining and extraction industry	0.4	0.6	-6.4	8.8	-0.3	-0.9	0.0	0.5	1.4	0.8	1.8	0.0
Processing industry	0.6	0.8	0.1	-0.1	-0.3	-1.3	-2.3	0.2	1.2	-0.3	-0.7	0.2
Processing of agricultural products	1.4	0.4	-0.3	-0.1	-0.1	0.7	0.6	0.6	1.3	-0.6	-0.1	0.4
Food production	1.4	0.2	-0.6	-0.1	-0.3	0.1	0.8	0.7	1.5	-0.6	0.0	0.5
Textile and sewing industry	1.5	-0.2	0.0	0.4	0.1	-0.7	0.0	-0.2	0.2	0.0	0.0	-0.2
Shoe manufacturing	0.0	0.4	0.0	0.0	0.0	0.0	-0.4	0.0	1.2	0.0	4.9	0.0
Production of wood and wood production	0.0	0.0	0.2	0.2	1.7	0.3	0.1	0.0	0.0	0.0	0.0	0.0
Production of paper and cardboard, printing industry	5.0	85.8	-4.0	-1.1	0.0	-5.5	0.0	0.0	0.0	0.0	0.0	-1.8
Coal production, oil refinery	10.1	0.1	0.0	-2.7	-0.3	-2.7	-7.1	0.7	1.5	1.6	-0.7	1.0
Chemical industry	0.0	0.2	9.3	0.2	0.2	0.2	0.0	-0.1	-0.8	-2.3	2.5	0.9
Manufacturing of rubber and plastic products	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4
Production of other nonmetallic mineral-based materials	0.3	0.7	0.6	0.6	0.0	0.4	-0.4	-0.2	-0.2	0.0	0.0	0.1
Metallurgical industry and metal working	-3.9	0.1	-0.6	0.8	-0.5	-2.2	-3.2	0.0	1.7	-1.2	-1.7	-0.3
Manufacturing of machinery and equipment	2.6	2.0	0.5	0.2	-0.4	-0.5	0.2	0.1	0.0	2.5	0.0	0.0
Manufacturing of electrical and electronic equipment	0.1	0.0	0.8	0.0	0.0	-2.5	0.0	0.3	-0.1	0.6	0.1	-0.1
Production of transportation equipment	2.0	-1.7	-0.5	1.3	1.1	-1.1	0.0	0.0	0.0	0.0	0.0	0.0
Furniture production; other sectors of industry	0.0	0.1	0.0	0.0	0.0	2.1	0.0	0.1	0.1	0.0	0.0	0.2
Production and distribution of electricity, gas, and water	-1.4	1.0	-0.1	-1.5	-0.1	0.1	-0.6	0.0	-0.3	-0.8	-0.3	0.0
1999												
Total	-1.0	-1.3	-0.1	7.3	7.9	7.6	3.1	4.0	3.9	8.3	3.3	3.9
Mining and extraction industry	-1.7	-2.9	1.2	9.7	10.9	13.0	2.2	8.1	6.9	13.5	4.1	5.4
Extraction of energy resources	-2.0	-2.9	1.6	11.8	11.5	14.9	2.1	9.4	8.6	15.8	4.9	6.9
Extraction of coal and lignite	0.8	5.4	-1.3	0.1	11.4	-0.1	0.0	2.3	-0.9	2.1	0.0	0.1
Extraction of crude oil and natural gas	-3.2	-6.7	3.1	17.6	11.6	21.2	2.9	11.8	11.5	19.5	6.1	8.4
Extraction of crude oil	-3.4	-7.1	3.2	20.1	12.0	22.0	2.9	12.1	11.8	20.0	6.1	8.5
Extraction of natural gas	0.7	0.5	1.0	-25.8	2.2	1.2	4.7	-0.4	1.8	2.2	8.4	5.3
Mining and extraction industry, other than the extraction of energy resources	-0.6	-3.0	0.1	2.2	8.6	5.4	2.6	2.5	-0.7	2.0	-0.5	-3.7
Mining of metallic ores	-0.7	-3.6	-0.3	0.7	10.0	5.1	3.0	2.8	0.0	0.9	-0.6	-1.8
Other sectors of mining and extraction industry	0.0	0.6	2.4	11.8	0.7	7.1	0.2	0.2	-5.1	9.4	0.7	-15.5
Processing industry	-0.9	-1.1	-1.2	9.4	9.2	7.1	4.3	2.6	3.2	7.5	3.7	4.1
Processing of agricultural products	-0.3	-1.0	0.2	3.9	3.1	3.7	4.5	-0.1	2.6	1.0	1.0	0.3
Food production	-0.3	-1.1	-0.2	3.5	1.1	3.1	5.3	0.7	3.1	1.2	1.2	0.3
Textile and sewing industry	-0.1	-0.3	-2.3	1.4	0.6	0.5	0.3	0.6	2.3	0.0	2.9	0.0
Shoe manufacturing	0.0	0.0	0.0	0.0	0.0	0.0	-2.5	3.1	0.6	0.7	0.7	0.5
Production of wood and wood production	0.0	0.0	-0.5	-0.1	0.0	1.5	0.4	0.3	0.1	-0.2	0.2	0.2
Production of paper and cardboard, printing industry	-0.2	-1.2	1.3	0.1	4.6	3.5	3.8	0.1	1.3	-0.5	0.1	0.0
Coal production, oil refinery	-0.7	0.1	-9.5	9.4	3.3	0.9	7.1	10.3	12.9	29.0	12.7	10.5
Chemical industry	0.2	0.3	-1.0	6.4	3.4	0.3	4.3	0.2	-2.4	-1.6	-1.5	-0.1
Manufacturing of rubber and plastic products	0.0	0.0	0.0	0.5	0.1	0.2	0.0	0.0	0.1	0.1	0.0	0.0
Production of other nonmetallic mineral-based materials	0.1	0.3	-0.4	0.0	0.4	1.3	5.4	-0.1	0.6	1.1	-1.5	0.0
Metallurgical industry and metal working	-1.9	-2.3	1.3	16.0	18.1	13.0	4.1	2.3	1.3	5.2	1.8	3.7
Manufacturing of machinery and equipment	0.3	0.9	0.6	4.3	-0.1	1.4	0.0	-0.2	0.1	0.2	0.5	0.4
Manufacturing of electrical and electronic equipment	0.2	-0.1	-1.4	2.5	-3.6	0.4	1.0	0.4	-0.6	0.2	3.1	-0.9
Production of transportation equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Furniture production; other sectors of industry	0.2	0.0	2.1	3.3	0.0	0.0	0.1	4.7	0.1	0.0	0.0	0.0
Production and distribution of electricity, gas, and water	-0.1	0.2	0.3	0.0	0.9	0.6	1.3	0.3	-0.1	0.1	0.1	0.0
2000												
Total	0.9	2.0	2.2	-1.2	-2.2	3.1						
Mining and extraction industry	1.7	5.5	5.8	-2.8	-9.0	11.2						
Extraction of energy resources	1.5	5.5	6.8	-3.1	-10.1	13.0						
Extraction of coal and lignite	0.4	-0.3	-1.2	-0.9	-0.6	-0.9						
Extraction of crude oil and natural gas	1.7	6.2	7.8	-3.4	-11.1	14.8						
Extraction of crude oil	1.7	6.3	7.5	-3.5	-11.8	15.6						
Extraction of natural gas	0.4	6.0	23.9	-16.4	3.5	4.9						
Mining and extraction industry, other than the extraction of energy resources	2.6	5.5	-0.1	-1.0	-1.7	0.6						
Mining of metallic ores	3.0	5.3	-0.1	-1.2	-1.9	0.5						
Other sectors of mining and extraction industry	1.1	6.1	-0.1	0.0	-1.0	1.2						
Processing industry	1.0	0.4	0.5	-0.6	1.7	-0.8						
Processing of agricultural products	0.1	0.0	-0.1	-0.1	3.6	1.4						
Food production	-0.3	-0.1	-0.2	0.4	1.4	1.4						
Textile and sewing industry	0.5	0.2	0.2	0.2	0.8	0.3						
Shoe manufacturing	1.5	3.1	0.1	0.0	3.6	1.1						
Production of wood and wood production	1.2	0.0	-0.1	0.2	0.9	0.0						
Production of paper and cardboard, printing industry	0.3	-1.2	-0.1	-0.6	-0.1	-0.1						
Coal production, oil refinery	-1.8	-6.2	-2.9	0.0	2.5	0.1						
Chemical industry	3.1	1.4	-0.9	1.9	3.7	0.4						
Manufacturing of rubber and plastic products	0.0	4.9	6.1	0.0	-4.6	0.0						
Production of other nonmetallic mineral-based materials	-0.5	0.6	0.9	0.7	0.8	0.6						
Metallurgical industry and metal working	2.3	2.4	1.8	-1.4	0.9	-2.5						
Manufacturing of machinery and equipment	0.8	0.2	-0.8	1.0	-0.2	-0.4						
Manufacturing of electrical and electronic equipment	-1.6	0.1	1.3	1.7	0.2	0.4						
Production of transportation equipment	0.1	0.0	0.1	-1.8	0.0	1.2						
Furniture production; other sectors of industry	1.0	0.9	1.1	0.6	0.3	0.0						
Production and distribution of electricity, gas, and water	-0.5	0.2	0.0	0.4	0.0	0.0						
Memorandum items:												
Total 1997	20.5	18.1	18.6	17.4	16.0	14.3	16.5	15.0	14.4	12.9	11.5	11.7
Total 1998	6.3	6.0	4.9	4.6	3.7	2.3	-0.1	-1.0	-2.2	-3.6	-4.6	-5.5
Total 1999	-6.5	-8.5	-8.4	-1.3	7.2	16.4	20.9	26.9	32.8	44.5	51.2	57.2
Total 2000	60.2	65.5	69.3	56.0	41.4	35.5						

Sources: National Statistical Agency; and Fund staff estimates.

Table 9. Kazakhstan: Energy Prices, 1995-2000 1/
(Monthly price, in tenge)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1995												
Crude oil (ton)	3,173	3,173	3,173	3,200	3,200	3,200	3,200	3,200	3,200	3,375	3,375	3,300
Natural gas (1000m3)	291	291	291	343	349	349	404	414	415	415	454	454
Electricity (1000kwh)	1,260	1,280	1,300	1,330	1,335	1,341	1,360	1,375	1,380	1,400	1,435	1,460
Coal (ton)	630	653	653	653	628	649	650	650	656	656	628	628
Gasoline (ton)	9,074	9,169	8,769	8,960	8,960	8,960	9,231	8,950	9,266	9,278	9,324	9,324
Diesel (ton)	6,465	6,615	6,615	7,183	7,183	7,183	7,183	7,051	7,165	7,253	7,253	7,034
Mazuth (ton)	3,771	3,945	3,578	3,213	3,213	3,213	3,074	3,374	3,374	3,573	3,469	3,469
1996												
Crude oil	3,330	3,542	3,595	3,661	3,665	3,649	3,650	3,651	3,655	3,659	3,665	3,676
Natural gas	547	551	551	551	551	551	551	549	549	549	529	546
Electricity	1,511	1,559	1,567	1,587	1,624	1,840	1,929	2,046	2,046	2,175	2,180	2,180
Coal	798	771	771	759	762	765	775	775	777	776	781	781
Gasoline	9,530	9,530	9,530	10,312	10,312	10,312	10,161	9,929	9,929	9,943	9,943	9,943
Diesel	7,056	7,056	7,056	7,425	7,425	7,425	7,264	7,264	7,264	7,298	7,298	7,298
Mazuth	3,506	3,438	3,438	3,128	3,128	3,128	3,128	3,128	3,128	3,325	3,325	3,390
Heating (Gcal)	744	748	754	765	838	843	837	842	843	968	1,008	1,010
Liquid petroleum gas (ton)	3,129	3,129	3,129	3,345	3,345	3,345	3,345	3,345	3,345	3,345	3,345	3,345
1997												
Crude oil	3,911	4,016	4,099	4,127	4,127	4,128	4,128	4,128	4,128	4,156	4,156	4,242
Natural gas	547	547	548	548	563	563	563	563	563	563	594	594
Electricity	2,589	2,664	2,726	2,726	2,738	2,740	2,988	2,999	3,021	2,999	2,970	3,093
Coal	559	575	577	582	579	581	580	580	580	576	577	577
Gasoline	11,598	11,814	11,848	11,849	11,948	13,162	13,166	13,189	13,177	13,259	13,254	13,263
Diesel	8,707	8,729	8,725	8,855	8,986	9,448	9,580	9,584	9,582	9,581	9,580	9,581
Mazuth	4,292	4,315	4,295	3,639	3,393	3,417	3,281	3,282	3,418	3,709	3,704	3,823
Heating (Gcal)	1,117	1,097	1,097	1,131	1,094	1,094	1,092	1,080	1,082	1,235	1,235	1,252
Liquid petroleum gas (ton)	3,864	3,871	3,869	4,249	4,251	4,267	4,268	4,270	4,270	4,270	4,270	4,270
1998												
Crude oil	4,479	4,498	4,481	4,459	4,296	4,211	4,314	4,045	3,688	3,627	3,368	3,370
Natural gas	778	778	778	778	782	782	784	787	793	799	803	807
Electricity	2,640	2,640	2,640	2,580	2,580	2,580	2,590	2,590	2,580	2,540	2,550	2,550
Coal	735	836	724	725	725	725	721	723	737	737	748	752
Gasoline	14,790	14,767	14,769	14,867	14,904	14,541	13,097	12,951	13,137	13,162	13,424	12,887
Diesel	10,000	9,997	9,998	10,424	10,308	9,935	9,368	9,384	9,532	9,555	9,149	9,561
Mazuth	4,964	4,964	4,964	3,950	3,954	3,747	3,358	3,468	3,510	3,714	3,835	3,949
Heating (Gcal)	1,185	1,186	1,186	1,170	1,168	1,168	1,128	1,128	1,120	1,108	1,095	1,095
Liquid petroleum gas (ton)	4,865	4,865	4,867	4,872	4,875	5,159	5,396	5,461	5,580	5,629	5,742	5,522
1999												
Crude oil	3,756	3,538	3,697	4,770	5,629	7,020	7,691	8,845	10,163	12,409	13,290	14,553
Natural gas	818	821	828	649	656	660	677	676	683	691	726	751
Electricity	2,380	2,380	2,390	2,390	2,400	2,410	2,430	2,430	2,430	2,440	2,440	2,440
Coal	468	489	484	485	518	517	516	530	518	512	512	514
Gasoline	12,584	12,648	10,000	12,221	12,840	12,840	16,602	19,098	22,949	27,385	29,583	31,186
Diesel	9,398	9,492	8,932	10,049	10,310	10,516	9,948	11,089	11,921	14,639	16,293	20,497
Mazuth	3,086	3,095	3,080	3,182	3,235	3,235	2,984	3,293	4,102	6,254	7,512	7,579
Heating (Gcal)	1,138	1,138	1,139	1,134	1,138	1,142	1,160	1,163	1,163	1,161	1,159	1,159
Liquid petroleum gas (ton)	4,117	3,592	3,494	3,891	3,945	4,502	3,928	3,134	3,335	3,409	4,688	4,796
2000												
Crude oil	14,862	15,268	16,327	15,729	13,642	15,941						
Natural gas	620	653	799	646	667	698						
Electricity	2,460	2,400	2,400	2,410	2,410	2,410						
Coal	579	576	563	552	550	542						
Gasoline	30,643	26,900	24,451	24,429	26,305	26,322						
Diesel	19,716	18,473	18,683	18,621	19,590	19,601						
Mazuth	7,978	7,843	7,914	7,913	7,067	7,071						
Heating (Gcal)	1,234	1,235	1,234	1,236	1,236	1,236						
Liquid petroleum gas (ton)	7,199	7,769	7,404	7,294	7,224	7,230						

Sources: National Statistical Agency; and Fund staff estimates.

1/ Producers' ex-factory prices. Average prices for all customers.

Table 10. Kazakhstan: Employment, 1995-99 1/

	1995	1996	1997	1998	1999
	(In thousands of people)				
Total	4,994	4,380	3,629	3,071	2,489
Agriculture and forestry	...	...	...	494	270
Fishing	...	...	...	5	6
Total industry	...	...	...	756	668
Of which:					
Mining	...	...	...	120	126
Manufacturing	...	...	...	492	406
Electricity, gas and water: production and distribution	...	...	...	145	137
Construction	...	...	...	133	103
Trade, car repair, and household goods	...	...	...	79	49
Hotels and restaurants	...	...	...	24	18
Transports and communication	...	...	...	333	245
Financial sector	...	...	...	36	29
Real estate	...	...	...	136	100
State sector	...	...	...	177	182
Education	...	...	...	510	497
Health and social services	...	...	...	313	263
Other local, social, and personal services	...	...	...	74	60
	(In percent of total)				
Share of employment					
Total	...	...	...	100.0	100.0
Agriculture and forestry	...	...	...	16.1	11.8
Fishing	...	...	...	0.2	0.3
Total industry				24.6	24.8
Of which:					
Mining	...	...	...	3.9	5.0
Manufacturing	...	...	...	16.0	15.0
Electricity, gas and water: production and distribution	...	...	...	4.7	4.8
Construction	...	...	...	4.3	4.0
Trade, car repair, and household goods	...	...	...	2.6	2.0
Hotels and restaurants	...	...	...	0.8	0.4
Transports and communication	...	...	...	10.8	9.6
Financial sector	...	...	...	1.2	1.4
Real estate	...	...	...	4.4	4.5
State sector	...	...	...	5.8	6.7
Education	...	...	...	16.6	21.8
Health and social services	...	...	...	10.2	10.6
Other municipal, social, and personal services	...	...	...	2.4	2.2

Source: National Statistical Agency; and Fund staff estimates.

1/ Starting in 1998 a new classification was introduced, comparable categories are not available for data prior to 1998.

Table 11. Kazakhstan: Labor Market, 1995-99

	1995				1996				1997				1998				1999			
	QI	QII	QIII	QIV	QI	QII	QIII	QIV	QI	QII	QIII	QIV	QI	QII	QIII	QIV	QI	QII	QIII	QIV
										(In thousands)										
Number of job placement inquiries	26.4	26.5	28.6	35.9	52.6	47.0	44.5	43.3	50.5	46.6	44.1	37.3	46.3	44.5	42.8	45.5	35.7	26.1	28.4	30.6
Number of people placed in jobs	6.5	8.1	8.2	8.0	6.7	9.3	9.6	7.8	6.4	8.3	8.6	8.6	7.3	9.4	9.3	9.1	6.5	4.6	5.6	7.6
Number of people granted unemployment status	14.4	14.1	16.1	23.1	35.8	32.7	31.6	30.5	32.5	32.9	30.8	31.9	33.5	32.6	30	31.3	21.9	18.2	22.2	25.8
Number of unemployed	81.3	92.9	103.3	127.8	183.3	235.4	263.1	279.5	293.1	277.7	268.7	263.5	262	272.4	264.8	254.5	245.1	237.1	239.5	248.6
Of which																				
Beneficiaries	40.7	49.0	54.1	65.8	101.5	140.9	157.3	167.5	178.7	177.8	178.5	176.9	169.5	169	159.3	150	112	50.8	10.8	17
Number of vacancies	26.1	27.6	25.9	20.0	16.2	17.9	17.6	11.6	8.6	9.8	12.9	9.6	8.5	11.2	12.5	9.9	6.6	7	8.2	7.8
Hidden unemployment 1/ 2/	746.5	793.4	766.6	643.3	579.4	364.1	317.1	305.2	331.7	289.5	240.3	235.0	224.1	213.1	201.2	204.3	226.6	219.8	192.3	162.5
Total unemployment 3/	827.8	886.3	869.9	771.1	762.7	599.5	580.2	584.7	624.8	567.2	509.0	498.5	486.1	485.5	466	458.8	471.7	456.9	431.8	411.1
										(In percent)										
Official unemployment rate 4/	1.2	1.5	1.8	2.1	2.7	3.5	3.9	4.1	4.3	4.1	4.0	3.9	3.9	3.9	3.9	3.8	3.8	3.7	3.8	3.9
Actual unemployment rate 5/	11.3	12.1	11.5	13.0	11.4	8.9	8.6	8.6	9.2	8.3	7.5	7.3	7.0	7.0	6.7	6.6	7.1	6.9	6.6	6.3

Sources: National Statistical Agency; Ministry of Labor; and Fund staff estimates.

1/ Defined as workers in part-time jobs and forced leave.
2/ In March 1996, the Ministry of Labor introduced a new methodology of collecting data on hidden unemployment, which has resulted in a reduction in the number for hidden unemployment.
3/ Unofficially unemployed persons are not included.
4/ Ratio of number of officially unemployed to the labor force.
5/ Ratio of number of officially unemployed plus that of hidden unemployed to the labor force.

Table 12. Kazakhstan: Nominal and Real Wages, 1995-2000
(In tenge per month, unless otherwise indicated)

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
1995												
Minimum wage	200	200	250	250	250	250	280	280	280	300	300	300
Average wage 1/	3,571	3,650	4,161	4,282	4,613	4,830	5,185	5,352	5,729	5,963	6,194	6,327
Minimum real wage 2/	49	46	54	52	51	50	54	53	52	54	51	50
Average real wage 2/	85	81	88	88	92	94	98	99	104	104	103	102
Average wage (in U.S. dollars)	64	62	69	69	73	76	83	93	95	96	98	99
1996												
Minimum wage	1,100	1,100	1,100	1,400	1,400	1,400	1,700	1,700	1,700	2,000	2,000	2,000
Average wage 1/	5,634	5,713	6,218	6,518	6,452	6,768	7,063	7,105	7,349	7,587	7,423	7,674
Minimum real wage 2/	174	170	167	207	203	198	236	234	232	265	258	256
Average real wage 2/	87	86	92	94	91	93	96	96	98	98	94	96
Average wage (in U.S. dollars)	87	87	95	99	97	101	105	105	107	108	104	105
1997												
Minimum wage	2,030	2,030	2,030	2,060	2,060	2,080	2,085	2,085	2,085	2,340	2,340	2,340
Average wage 1/	7,506	7,472	8,201	7,993	8,313	8,742	8,882	8,621	9,054	9,285	9,035	9,205
Minimum real wage 2/	255	251	249	250	249	250	249	249	250	277	273	269
Average real wage 2/	92	90	98	95	98	103	103	101	106	107	103	104
Average wage (in U.S. dollars)	102	99	109	106	110	116	118	114	120	123	120	121
1998												
Minimum wage	2,360	2,360	2,360	2,380	2,380	2,380	2,400	2,400	2,400	2,440	2,440	2,440
Average wage 1/	9,016	9,005	9,722	9,485	9,660	9,919	9,858	9,656	9,934	9,986	9,811	11,192
Minimum real wage 2/	267	264	262	263	262	264	269	269	272	277	279	279
Average real wage 2/	84	99	107	97	102	104	100	99	103	101	98	114
Average wage (in U.S. dollars)	119	118	127	124	126	129	128	124	125	123	119	134
1999 3/												
Minimum wage	2,440	2,440	2,440	2,650	2,650	2,650	2,650	2,650	2,650	2,680	2,680	2,680
Average wage 1/	10,520	10,520	9,513	10,520	9,660	10,453	9,858	9,656	11,308	9,986	9,811	12,607
Minimum real wage 2/	279	276	277	301	288	284	280	267	264	268	266	265
Average real wage 2/	117	116	105	117	103	110	102	95	110	98	95	122
Average wage (in U.S. dollars)	124	123	109	104	80	81	75	73	83	71	71	91
2000												
Minimum wage	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680
Average wage 1/	11,796	12,039	13,223	13,240	13,300	12,039	12,039	12,039				
Minimum real wage 2/	260	256	256	249	249	249	248	246				
Average real wage 2/	112	112	123	120	121	109	109	108				
Average wage (in U.S. dollars)	85	86	94	94	94	84	84	84				

Sources: National Statistical Agency; Ministry of Labor; and Fund staff estimates.

1/ For December, excludes estimated bonus.
2/ December 1993 = 100.
3/ Monthly data converted into quarterly.

Table 13. Kazakhstan: Wages by Sector, 1995-99 1/ 2/
(In tenge)

	1995	1996	1997	1998	1999
Total Average	4,786	6,841	8,541	9,683	10,984
Agriculture and forestry	...	...	...	3,896	4,180
Fishing	...	...	...	4,798	5,404
Total industry	...	...	...	13,465	15,908
Of which:					
Mining	...	...	...	20,317	23,569
Manufacturing	...	...	...	11,357	13,434
Electricity, gas and water: production and distribution	...	...	...	14,197	15,065
Construction	...	...	...	12,375	14,462
Trade, car repair, and household goods	...	...	...	8,239	9,801
Hotels and restaurants	...	...	...	8,660	16,309
Transports and communications	...	...	...	11,929	13,687
Financial sector	...	...	...	19,324	26,195
Real estate	...	...	...	10,334	11,117
State sector	...	...	...	10,310	10,629
Education	...	...	...	7,247	7,594
Health and social services	...	...	...	6,454	6,331
Other municipal, social, and personal services	...	...	...	7,907	9,677

Sources: National Statistical Agency; and Fund staff estimates.

1/ Data are not comparable with monthly wages in Table 12.
2/ Starting in 1998 a new classification was introduced, comparable categories are not available for data prior to 1998.

Table 14. Kazakhstan: Investment in Constant Prices 1/, 1995-99
(1991 = 100)

	1995		1996 2/		1997		1998		1999	
	Total	State	Total	State	Total	State	Total	State	Total	State
Total investment	15.8	7.9	9.4	4.3	10.6	3.2	15.0	4.2	15.9	2.8
Productive investment	18.6	8.6	10.6	4.5	11.6	2.6	14.0	15.1	19.8	0.3
Industry	29.9	11.4	17.5	4.9	21.5	2.0	31.4	1.3	37.6	0.5
Agriculture	2.0	0.8	0.9	0.3	0.5	0.2	0.2	0.1	0.2	0.1
Transport and communication	36.0	32.0	26.1	24.2	20.9	18.7	31.5	23.3	12.7	18.3
Construction	3.9	0.6	2.6	1.6	1.8	0.7	13.2	12.0	18.8	1
Trade and catering	5.0	0.5	4.1	1.0	4.9	0.6	21.9	1.6	25.1	2.9
Other	12.5	5.1	35.7	4.6	17.8	2.2	...	...	...	...
Non-productive investment	11.0	4.4	6.7	3.9	8.5	4.8	25.8	20.3	14.4	6.7
Housing	8.6	3.7	5.2	2.2	5.9	3.4	6.4	3.7	6.5	1.6
Other	12.5	4.8	9.6	7.0	13.6	7.2	...	...	...	...
Memorandum item:										
Index of houses constructed	27.1	...	...	...	...	...	...	...	...	...

Sources: National Statistical Agency; and Fund staff estimates.

1/ Prices deflated by sectoral price indices calculated by the National Statistical Agency.
2/ Adjusted for underreporting.

Table 15. Kazakhstan: Financing of Investment, 1995-99

	1995	1996	1997	1998	1999
	(In millions of tenge)				
All resources	148,523	118,981	139,790	214,493	243,094
State enterprises	66,780	48,997	38,383	53,695	38,920
Budget resources	6,075	8,335	8,895	32,791	22,858
Own resources	60,705	40,662	29,488	20,904	16,062
Other 1/	81,743	69,984	101,407	160,798	204,174
	(In percent of total resources)				
State enterprises	45.0	41.2	27.5	25.0	16.0
Budget resources	4.1	7.0	6.4	15.3	9.4
Own resources	40.9	34.2	21.1	9.7	6.6
Other 1/	55.0	58.8	72.5	75.0	84.0

Sources: National Statistical Agency; and Fund staff estimates.

1/ Includes mainly private sector investment.

Table 16. Kazakhstan: Sectoral Composition of Capital Investment in Current Prices, 1998-99 1/
(In percent of total investment)

	1998	1999
Total	100.0	100.0
Agriculture, hunting, and forestry	0.4	0.5
Mining industry	41.7	59.0
Manufacturing industry	15.5	10.9
Production and distribution of electric power, gas and water	6.0	3.1
Construction	3.2	0.3
Trade, car repair, household goods	2.5	1.8
Hotels and restaurants	1.5	0.7
Transports and communication	11.3	8.0
Financial sector	0.6	0.2
Real estate	9.3	7.1
State sector	3.6	1.3
Education	0.4	1.2
Health and social sectors	2.0	1.9
Other municipal, social and personal services	2.0	4.0

Source: National Statistical Agency.

1/ From 1998 on new OECD data classification.

Table 17. Kazakhstan: Savings Investment Balance, 1997-99

	1997	1998	1999
	(In percent of GDP)		
Consumption	82.9	82.6	80.9
Net Export	-2.5	-4.8	3.2
Investment:	15.6	17.3	15.9
Public Investment	2.7	2.5	1.9
Private Investment	13.6	14.8	14.0
Change in Stocks	-0.7	0.1	0.0
Total Savings:	15.6	17.3	15.9
Domestic Savings	15.6	11.7	17.0
Public Savings	-3.5	-5.8	-3.0
Private Savings	19.1	17.5	20.0
Foreign Savings	3.6	5.6	-1.1
Statistical Discrepancy	4.0	4.9	0.0

Source: Kazakhstani authorities; and Fund staff estimates.

Table 18. Kazakhstan: Privatization of State Enterprises, 1995-2000
(Units)

	1995	1996	1997	1998	1999	2000 Jan.-May
Small-scale privatization	2,477	3,393	5,590	2,535	2,187	611
Mass privatization	147	497	1,122	516	131	31
Privatization in agriculture	513	138	18	9	0	0
Case-by-case privatization	5	28	47	13	0	0
Total	3,143	4,056	6,777	3,073	2,318	642

Sources: Ministry of Finance; and National Statistical Agency.

Table 19. Kazakhstan: Privatized Enterprises by Sectors, 1995-2000

	1995	1996	1997	1998	1999	2000 Jan.-May
			(Units)			
Industry	48	437	608	152	26	14
Construction	52	45	162	50	16	2
Agriculture	514	138	18	9	4	0
Transport	28	101	331	73	147	13
Trade and catering	1,358	1,519	1,279	287	141	38
Personal and public services	337	280	689	169	74	23
Other sectors	806	1,536	3,690	2,267	1,855	537
Of which						
Incompleted units	19	31	226	66	55	15
Total	3,143	4,056	6,777	3,073	2,318	642
			(In percent of total)			
Industry	1.5	10.8	9.0	4.9	1.1	2.2
Construction	1.7	1.1	2.4	1.6	0.7	0.3
Agriculture	16.4	3.4	0.3	0.3	0.2	0.0
Transport	0.9	2.5	4.9	2.4	6.3	2.0
Trade and catering	43.2	37.5	18.9	9.3	6.1	5.9
Personal and public services	10.7	6.9	10.2	5.5	3.2	3.6
Other sectors	25.6	37.9	54.4	73.8	80.0	83.6
Of which						
Incompleted units	0.6	0.8	3.3	2.1	2.4	2.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Ministry of Finance; and National Statistical Agency.

Table 20. Kazakhstan: Summary Accounts of National Bank of Kazakhstan, 1998-2000

	1998	1999				2000	
	December	March	June	September	December	March	June
	(In millions of tenge; end period stocks)						
Net international reserves	109,961	87,953	122,423	158,659	212,850	207,787	272,264
Foreign exchange	67,759	46,194	60,493	87,844	140,603	137,302	197,519
Assets	122,359	98,056	133,878	158,933	204,522	195,060	197,778
Liabilities, short-term	54,601	51,862	73,385	71,090	63,919	57,758	259
Gold	42,202	41,759	61,930	70,815	72,248	70,485	74,745
Net domestic assets	-28,486	-22,626	-47,530	-71,759	-89,604	-105,620	-151,762
Domestic credit	23,849	38,702	55,055	49,379	20,381	4,016	-37,229
Net Credit to Government	26,963	27,970	31,661	34,839	13,253	-5,335	-43,144
Less amount used for sterilization	0	3,146	343	702	9,390	0	1,800
Credit to banks, net	-9,962	3,413	12,198	2,660	-4,572	-2,626	-6,073
Credit	2,084	7,014	12,291	8,395	4,634	2,454	2,468
Special deposits (NBK notes and repos)	12,046	3,601	93	5,735	9,206	5,080	8,541
Credit to nonbank financial institutions	6,625	7,099	11,006	11,699	11,513	11,774	11,791
Credit to the economy	223	220	190	181	187	203	197
Other items (net)	-52,335	-61,328	-102,585	-121,138	-109,985	-109,636	-114,533
Reserve money	78,101	62,278	72,716	85,755	124,730	99,947	113,781
Currency outside NBK	72,982	58,612	64,886	75,857	110,413	92,410	102,175
Commercial bank deposits	4,575	3,115	7,054	7,071	11,821	5,948	9,206
Reserves	23	26	125	251	168	141	83
Correspondent accounts	4,552	3,089	6,929	6,820	11,653	5,808	9,123
Other deposits	3,374	3,049	2,179	1,144	1,517	2,220	6,721
Demand, time and enterprise deposits	544	551	776	2,827	2,496	1,589	2,400
	(In millions of U.S. dollars)						
NBK gross reserves	1,964	1,598	1,495	1,641	2,003	1,873	1,911
NBK net international reserves, stock	1,312	1,005	935	1,133	1,540	1,465	1,909
Foreign exchange, excluding CIS currencies	1,460	1,121	1,022	1,135	1,480	1,376	1,387
Gold	504	477	473	506	523	497	524
Memorandum items: 1/	(In percent)						
Change from end of previous quarter							
Net international reserves	20.4	-20.0	39.2	29.6	34.2	-2.4	31.0
Credit to government (net)	-10.8	3.7	13.2	10.0	-62.0	-140.3	708.7
Credit to government (excluding sterilization using debt)	-9.3	0.0	-89.1	104.7	1,237.6	0.0	0.0
Credit to banks	-266.5	-134.3	257.4	-78.2	-271.9	-42.6	131.3
Change from end of previous year							
Net international reserves	-16.3	-20.0	11.3	44.3	93.6	-2.4	27.9
Reserve money							
Percentage change from end of previous quarter	-4.9	-20.3	16.8	17.9	45.4	-19.9	13.8
Percentage change from end of previous year	-26.9	-20.3	-6.9	9.8	59.7	-6.5	-4.6

Sources: Kazakhstani authorities.

1/ In addition to integrating the accounts of the Budget Bank with those of the NBK, a reclassification of Loro accounts of domestic banks has been made.

Table 21. Kazakhstan: Monetary Survey, 1998-2000

	1998	1999				2000	
	December	March	June	September	December	March	June
			(In millions of tenge; end period stocks)				
Net Foreign Assets	104,181	83,991	151,625	197,024	257,716	242,087	314,634
Foreign exchange	61,979	42,231	89,695	126,208	185,468	171,603	239,889
Assets	138,288	113,651	171,554	206,442	262,765	241,152	252,005
Liabilities, short-term	76,309	71,420	81,859	80,233	77,296	69,550	12,116
Gold	42,202	41,759	61,930	70,815	72,248	70,485	74,745
Net domestic assets	44,368	44,059	9,874	225	14,657	18,252	3,650
Domestic credit	146,448	142,592	191,828	209,314	204,693	211,339	218,211
Net credit to government	36,511	28,072	44,377	45,306	37,837	32,690	10,456
Net credit to the economy	109,937	114,520	147,451	164,008	166,856	178,649	207,755
Other items (net)	-102,080	-98,533	-181,954	-209,089	-190,036	-193,087	-214,561
Broad money	148,549	128,049	161,499	197,249	272,373	260,340	318,284
Currency in circulation	68,728	55,424	61,415	70,804	103,492	86,981	96,126
Deposits	79,822	72,626	100,084	126,445	168,881	173,359	222,158
Nonbank institutions	49,420	42,720	63,188	85,227	115,871	113,907	154,726
Tenge	29,436	23,804	30,955	44,854	60,363	64,933	71,118
Convertible foreign exchange	19,410	18,674	31,631	39,553	53,858	47,903	82,345
Nonconvertible foreign exchange	574	242	602	820	1,651	1,071	1,263
Households	30,401	29,905	36,897	41,218	53,010	59,452	67,432
Tenge	20,920	18,354	19,055	20,567	28,268	24,228	26,202
Convertible foreign exchange	9,476	11,544	17,835	20,647	24,733	35,196	41,201
Nonconvertible foreign exchange	5	7	6	5	9	28	29
			(In millions of U.S. dollars)				
Banking system net foreign assets	1,243.2	959.9	1,157.4	1,407.3	1,864.8	1,707.2	2,206.4
Foreign exchange	739.6	482.6	684.7	901.5	1,342.0	1,210.2	1,682.3
Gold	503.6	477.3	472.7	505.8	522.8	497.1	524.2
Memorandum items:							
Change from end of previous quarter							
Net international reserves	-35,539.1	-20,190.3	67,634.4	45,398.7	60,692.4	-15,628.6	72,546.8
Credit to government (net)	8,280.2	-8,439.3	16,305.5	928.6	-7,468.7	-5,147.0	-22,234.2
Credit to economy	32,483.0	4,583.1	32,930.6	16,557.2	2,847.7	11,793.0	29,106.3
Change from end of previous year							
Net foreign assets of banking system	-35,539.1	-20,190.3	47,444.1	92,842.8	153,535.2	-15,628.6	56,918.2
NBK	-21,345.0	-22,007.8	12,462.3	48,697.8	102,889.2	-5,063.1	59,413.8
Commercial banks	-14,194.1	1,817.5	34,981.9	44,145.1	50,646.0	-10,565.5	-2,495.6
Broad money							
Percentage change from end of previous quarter	0.0	-13.8	26.1	22.1	38.1	-4.4	22.3
Percentage change from end of previous year	-13.1	-13.8	8.7	32.8	83.4	-4.4	16.9

Sources: Kazakhstani authorities; and Fund staff estimates.

Table 22. Kazakhstan: Interest Rates, 1997-2000
(In percent; end-of-period)

	Inflation Year-on-year	NBK refinance rate	Yield on 3-month Treasury bills	Commercial bank short-term lending rates 1/ 2/	Commercial bank time deposit rates 1/ 2/	
					Households	Legal entities
1997						
January	26.2	35.0	28.0	37.0	29.4	23.8
February	25.2	35.0	26.8	35.3	27.8	17.4
March	24.1	35.0	24.6	35.5	24.1	17.1
April	21.5	35.0	21.7	36.3	22.0	17.0
May	19.5	30.0	12.9	32.4	20.5	13.9
June	17.6	24.0	13.9	32.4	19.5	10.0
July	16.4	21.0	14.6	32.6	18.3	10.4
August	15.3	21.0	12.8	30.8	16.3	7.9
September	13.7	19.5	12.6	26.5	14.3	9.6
October	11.7	18.5	12.8	26.5	15.3	7.1
November	10.6	18.5	14.6	22.4	14.2	9.1
December	11.2	18.5	16.1	22.8	12.0	9.9
1998						
January	10.8	18.5	15.8	21.5	9.8	9.2
February	10.1	18.5	16.8	22.2	9.8	10.1
March	10.0	18.5	18.2	22.5	8.8	8.0
April	9.7	18.5	17.5	23.2	13.4	7.7
May	9.6	18.5	15.9	21.2	11.4	5.8
June	7.9	18.5	18.1	21.8	11.7	7.0
July	6.9	18.5	18.5	21.7	11.4	9.8
August	6.1	20.5	20.3	23.5	13.9	10.9
September	6.2	20.5	21.5	19.8	14.3	10.0
October	4.3	20.5	21.8	21.2	15.6	11.6
November	2.8	25.0	24.5	19.7	14.1	18.5
December	1.9	25.0	25.8	18.4	14.5	8.5
1999						
January	1.0	25.0	26.3	18.3	17.2	10.7
February	-0.3	25.0	26.3	19.8	17.4	13.8
March	-1.2	25.0	26.3	22.5	18.8	15.2
April	2.8	25.0	...	24.7	13.3	12.0
May	3.9	25.0	...	24.2	13.1	9.1
June	9.8	25.0	...	25.1	14.1	9.7
July	11.2	22.0	21.6	25.6	16.2	8.1
August	11.9	20.0	21.6	24.9	16.5	5.6
September	12.8	20.0	...	26.7	25.6	8.7
October	14.3	20.0	...	28.1	18.7	9.4
November	16.3	18.0	16.6	23.3	20.2	7.9
December	18.0	18.0	16.6	21.4	13.4	7.9
2000						
January	19.8	18.0	16.7	19.7	16.5	9.4
February	20.2	18.0	16.4	21.9	16.7	10.1
March	20.4	16.0	16.0	22.3	10.5	6.7
April	15.6	16.0	15.6	22.0	17.6	6.4
May	14.7	16.0	14.6	20.7	20.0	7.5
June	10.2	14.0	13.1	20.3	16.5	7.8

Source: National Bank of Kazakhstan.

1/ Credits and deposits in tenge.

2/ Rates on existing stocks of credits and deposits through December 1996, rates on new credits and deposits thereafter.

Table 23. Kazakhstan: Interbank Currency Exchange (KICEX) Auction Rates, 1996-2000

	Tenge per U.S. dollar		Tenge per deutsche mark		Tenge per 1,000 Russian ruble	
	Period average	End-of-period	Period average	End-of-period	Period average 1/	End-of-period 1/
1996						
January	64.61	65.30	44.39	44.07	13.77	13.65
February	65.38	65.36	44.66	45.05	13.72	13.53
March	65.15	65.25	44.28	44.36	13.47	13.38
April	65.83	66.50	43.92	43.70	13.43	13.47
May	66.81	66.71	43.67	43.38	13.40	13.30
June	67.02	67.18	43.95	43.97	13.26	13.16
July	67.36	67.62	44.82	45.80	13.22	13.33
August	67.67	68.14	45.91	46.44	...	...
September	68.93	69.54	45.88	45.75	...	...
October	69.99	70.12	46.04	46.58	...	...
November	71.09	72.71	47.15	47.50	...	...
December	73.32	73.80	47.33	47.70	...	...
1997						
January	75.44	75.79	47.19	46.69	...	...
February	75.67	75.62	45.54	45.06	...	...
March	75.19	74.35	44.69	44.48	...	...
April	75.03	75.49	44.22	44.07	...	...
May	75.50	75.48	44.69	44.75	...	...
June	75.49	75.57	43.89	43.61	...	...
July	75.59	75.74	42.60	41.12	...	...
August	75.79	75.80	41.31	42.50	...	...
September	75.77	75.73	42.34	42.86	...	...
October	75.69	75.80	43.17	44.34	...	...
November	75.75	75.80	44.29	43.43	...	...
December	75.82	75.89	42.99	44.20	...	...
1998						
January	76.32	76.40	42.49	43.31	...	...
February	76.40	76.38	42.43	42.40	...	...
March	76.51	76.61	42.08	41.86	...	...
April	76.60	76.67	42.62	42.90	...	...
May	76.82	76.86	43.45	43.20	...	...
June	77.01	77.20	43.18	42.80	...	...
July	77.37	77.60	43.00	43.00	...	...
August	78.43	78.88	43.79	43.90	...	...
September	79.68	80.63	...	...	..	...
October	81.52	81.90	50.22	51.00	...	...
November	82.61	83.00	49.36	49.36	...	...
December	83.68	84.00	50.20	50.20	...	...
1999						
January	84.57	85.12	...	...	...	...
February	85.71	86.45	...	...	...	...
March	87.42	88.10	...	...	...	...
April	113.80	114.80	62.16	62.10	...	...
May	119.14	129.03	67.44	69.31	...	...
June	131.88	132.31	70.08	70.30	...	...
July	132.45	131.91	69.96	72.40	...	...
August	131.81	132.26	71.61	71.08	...	...
September	135.78	140.11	73.16	76.40	...	...
October	141.21	140.22	77.43	75.65	...	...
November	139.16	137.90	73.64	71.41	...	...
December	138.19	138.25	71.77	71.50	...	...
2000						
January	139.06	139.38	72.15	70.78	...	...
February	139.90	140.44	70.77	71.20	...	...
March	141.42	141.95	70.24	70.30	...	...
April	142.21	142.01	69.47	66.78	...	...
May	142.29	142.30	66.63	65.90	...	...
June	142.65	142.86	68.70	68.70	...	...

Source: National Bank of Kazakhstan.

1/ Auctions for Russian rubles ceased to be held from July 1996.

Table 24. Kazakhstan: Number of Commercial Banks and Branches, 1995-99
(End-of-period)

	Commercial banks						Branches
	State	Interstate	With Foreign Capital		Other	Total	Total
			Total	*of which* subsidiaries			
1995							
December	4	1	8	5	117	130	1,036
1996							
March	5	1	12	5	111	129	1,013
June	4	1	12	6	96	113	1,006
September	4	1	7	6	90	102	990
December	4	1	9	5	87	101	949
1997							
January	5	1	9	5	86	101	944
February	6	1	9	5	84	100	932
March	6	1	9	5	81	97	785
April	6	1	9	5	81	97	779
May	6	1	9	5	80	96	784
June	6	1	19	5	70	96	784
July	6	1	19	5	72	98	734
August	6	1	19	5	72	98	641
September	6	1	19	5	64	90	638
October	6	1	21	7	62	90	599
November	6	1	21	7	62	90	599
December	6	1	22	7	53	82	583
1998							
January	5	1	20	7	50	76	527
February	5	1	20	7	50	76	527
March	5	1	21	7	49	76	527
April	4	1	21	7	50	76	516
May	3	1	21	7	52	77	495
June	1	1	23	8	50	75	473
July	1	1	23	8	50	75	455
August	1	1	23	8	50	75	456
September	1	1	24	9	50	76	455
October	1	1	24	10	49	75	455
November	1	1	23	10	50	75	455
December	1	1	23	11	46	71	459
1999							
January	1	1	23	11	46	71	459
February	1	1	23	11	46	71	462
March	1	1	23	10	46	71	455
April	1	1	23	10	46	71	456
May	1	1	23	10	46	71	456
June	1	1	24	12	45	71	452
July	1	1	24	12	37	63	442
August	1	1	23	12	37	62	446
September	1	1	23	12	35	60	436
October	1	1	23	12	33	58	438
November	1	1	22	12	33	57	439
December	1	1	22	12	31	55	426
2000							
January	1	1	22	12	30	54	426
February	1	1	22	12	29	53	423
March	1	1	21	12	29	52	427
April	1	1	19	12	27	48	418
May	1	1	20	12	26	48	419
June	1	1	20	12	26	48	414

Source: National Bank of Kazakhstan.

Table 25. Kazakhstan: Government Budgetary Operations, 1997-2000 1/
(In percent of GDP)

	1997	1998	1999				2000	
			Jan.-Mar.	Jan.-Jun.	Jan.-Sep.	Jan.-Dec.	Jan.-Mar.	Jan.-Jun.
Total revenue and grants	24.3	21.9	14.6	19.1	18.3	20.9	23.4	24.9
Total revenue	24.2	21.9	14.6	19.1	18.3	20.7	23.4	24.8
Current revenue	20.7	17.9	10.4	16.1	16.2	18.8	22.0	23.8
Tax revenue	19.7	16.8	9.8	15.1	15.1	17.4	20.9	22.1
Tax on income, profits and capital gains	4.9	3.9	2.1	3.7	3.9	4.8	7.2	8.3
Social tax	0.0	0.0	2.3	3.5	3.3	3.7	4.3	4.3
Extrabudgetary funds	7.5	4.3	0.0	0.0	0.0	0.0	0.0	0.0
Domestic taxes on good and services	5.5	6.6	4.0	5.7	5.9	6.6	7.2	7.1
Taxes on international trade	0.5	0.6	0.4	0.5	0.5	0.6	0.8	0.8
Other taxes	1.4	1.3	1.0	1.6	1.5	1.7	1.5	1.6
Nontax revenue	1.0	1.1	0.6	1.0	1.1	1.4	1.1	1.7
Capital revenue	3.5	4.0	4.2	3.0	2.1	1.9	1.4	1.0
Privatization receipts	3.3	3.8	4.2	3.0	2.1	1.8	1.3	0.9
Other	0.3	0.2	0.0	0.0	0.0	0.1	0.1	0.1
Total grants	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Expenditure and net lending	28.1	26.1	12.0	18.9	18.9	24.4	20.2	23.1
Expenditure	26.3	24.6	11.8	18.2	18.2	23.5	19.9	22.3
General Government services	1.8	2.3	0.7	1.2	1.3	1.5	1.0	1.2
Defense	1.1	1.3	0.5	0.7	0.7	0.9	0.8	0.9
Public order and security	1.7	1.7	0.7	1.2	1.3	1.7	1.1	1.5
Education	4.4	4.1	2.5	3.9	3.5	4.1	3.3	3.6
Health	2.8	2.1	1.0	1.6	1.8	2.3	1.7	1.9
Social insurance and social security	10.1	9.6	5.3	6.9	6.6	8.4	8.2	7.9
Recreation and culture	1.0	0.9	0.3	0.5	0.7	0.9	0.8	0.9
Agriculture, forestry, and nature conservation	0.6	0.4	0.1	0.2	0.3	0.4	0.4	0.5
Mining and minerals, processing, construction	0.4	0.1	0.0	0.1	0.1	0.1	0.1	0.2
Transportation and communications	0.6	0.6	0.1	0.3	0.5	0.7	0.8	1.0
Debt servicing	0.6	0.8	0.4	1.2	0.9	1.0	0.9	1.6
Other expenditure	1.3	0.8	0.2	0.3	0.6	1.4	0.8	1.1
Net lending	1.8	1.5	0.2	0.7	0.7	0.9	0.3	0.8
Lending	1.9	1.6	0.3	0.8	0.8	1.1	0.5	1.0
Repayments	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.2
Regular budget balance	-3.8	-4.2	2.6	0.2	-0.6	-3.5	3.3	1.8
Quasi-fiscal operations (surplus+)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall budget balance	-3.8	-4.2	2.6	0.2	-0.6	-3.5	3.3	1.8
Financing	3.8	4.2	-2.6	-0.2	0.6	3.5	-3.0	-1.8
Domestic, net	1.0	1.0	-1.6	-0.1	0.3	1.6	1.0	0.4
Cash free flow	0.0	0.2	-0.2	0.1	0.2	-0.6	-4.1	-4.1
Foreign, net	2.8	3.0	-0.8	-0.2	0.1	2.5	0.1	1.9
Memorandum items:								
Revenues excluding privatization receipts	21.0	18.0	10.4	16.1	16.2	18.9	22.1	23.9
Budget balance excluding privatization receipts	-7.1	-8.0	-1.5	-2.8	-2.7	-5.4	1.8	1.0

Sources: Ministry of Finance; and Fund staff calculations.

1/ Includes financial operations of the consolidated state budget (republican and local budgets) and net position of extrabudgetary funds.

Table 26. Kazakhstan: Government Budgetary Operations, 1997-2000 1/
(In billions of tenge)

	1997	1998	1999				2000	
			Jan.-Mar.	Jan.-Jun.	Jan.-Sep.	Jan.-Dec.	Jan.-Mar.	Jan.-Jun.
Total revenue and grants	**405.6**	**379.5**	**75.7**	**158.4**	**260.0**	**395.6**	**116.4**	**263.3**
Total revenue	405.3	379.3	75.7	158.3	259.8	393.0	116.3	261.9
Current revenue	346.1	309.8	54.1	133.1	230.2	357.2	109.5	251.9
Tax revenue	330.0	290.8	51.0	125.1	214.6	330.2	104.1	234.0
Tax on income, profits and capital gains	81.6	68.4	11.0	31.0	54.8	90.1	35.7	88.1
Social tax	0.0	0.0	12.1	29.0	47.0	70.5	21.2	45.7
Extrabudgetary Funds	125.9	75.2	0.0	0.0	0.0	0.0	0.0	0.0
Domestic taxes on good and services	91.4	114.7	20.6	47.3	83.4	124.9	36.0	75.5
Taxes on international trade	8.1	10.0	1.9	4.4	7.6	11.7	3.9	8.1
Other taxes	23.1	22.5	5.4	13.5	21.8	33.1	7.3	16.7
Nontax revenue	16.0	18.9	3.1	8.1	15.6	26.9	5.4	17.9
Capital revenue	59.3	69.5	21.6	25.1	29.6	35.8	6.8	10.0
Privatization receipts	54.5	66.7	21.6	25.0	29.2	34.8	6.3	9.2
Other	4.8	2.8	0.0	0.1	0.4	1.0	0.4	0.8
Total grants	0.3	0.2	0.0	0.1	0.2	2.6	0.1	1.4
Expenditure and net lending	**469.6**	**451.6**	**62.1**	**156.6**	**268.7**	**462.2**	**101.1**	**243.8**
Expenditure	439.5	426.1	61.0	150.8	258.2	444.3	99.7	235.5
General Government services	29.4	39.3	3.7	10.2	18.2	28.5	5.0	12.9
Defense	17.9	21.8	2.6	5.6	10.2	17.2	4.0	9.8
Public order and security	28.2	28.7	3.8	10.3	17.8	32.3	5.6	15.5
Education	73.4	70.6	13.0	32.0	50.4	77.9	16.9	38.1
Health	46.1	36.4	5.0	13.5	25.7	44.5	8.5	19.6
Social insurance and social security	169.4	165.9	27.3	57.2	93.5	158.9	41.0	83.2
Recreation and culture	16.7	16.8	1.7	4.6	9.6	17.7	4.3	11.2
Fuel and energy complex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Agriculture, forestry, and nature conservation	10.6	6.7	0.3	1.7	4.1	6.8	1.8	5.1
Mining and minerals, processing, construction	6.8	2.4	0.1	0.4	0.9	2.8	0.6	1.9
Transportation and communications	10.3	10.2	0.3	2.1	6.6	12.6	0.1	10.3
Other	21.2	13.5	0.8	2.9	9.1	25.6	5.0	11.4
Debt servicing	9.5	13.9	2.3	10.2	12.2	19.4	6.5	16.4
Government transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net lending	30.1	25.5	1.0	5.8	10.4	17.9	1.4	8.3
Lending	31.9	27.2	1.7	7.0	12.0	20.9	2.7	10.9
Repayments	1.7	1.7	0.6	1.2	1.6	3.0	1.3	2.6
Regular budget balance	-64.0	-72.1	13.6	1.8	-8.7	-66.6	15.3	19.5
Quasi-fiscal operations (surplus +)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall budget balance	-64.0	-72.1	13.6	1.8	-8.7	-66.6	15.3	19.5
Financing	64.0	72.1	-13.6	-1.8	8.7	66.6	-15.2	-19.5
Domestic, net	16.8	17.6	-8.3	-0.7	4.5	30.2	4.8	4.4
Cash free flow	0.4	2.9	-1.2	0.8	3.0	-11.1	-20.6	-43.7
Foreign, net	46.8	51.6	-4.1	-1.9	1.1	47.6	0.6	19.8
Memorandum items:								
Revenues exlcuding privatization receipts (in percent of GDP)	21.0	18.0	10.4	16.1	16.2	18.9	22.1	23.9
Budget balance excluding privatization receipts (in percent of GDP)	-7.1	-8.0	-1.5	-2.8	-2.7	-5.4	1.8	1.0

Sources: Ministry of Finance; and Fund staff calculations.

1/ Includes financial operations of the consolidated state budget (republican and local budgets) and net position of extrabudgetary funds.

Table 27. Kazakhstan: Government Budgetary Operations, 1997-2000 1/
(In percent of total)

	1997	1998	1999				2000	
			Jan.-Mar.	Jan.-Jun.	Jan.-Sep.	Jan.-Dec.	Jan.-Mar.	Jan.-Jun.
Total revenue and grants	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total revenue	99.9	99.9	100.0	99.9	99.9	99.3	99.9	99.5
Current revenue	85.4	81.6	71.4	84.1	88.5	90.3	94.1	95.7
Tax revenue	81.4	76.6	67.3	79.0	82.5	83.5	89.4	88.9
Tax on income, profits and capital gains	20.1	18.0	14.6	19.6	21.1	22.8	30.7	33.4
Social tax	0.0	0.0	16.0	18.3	18.1	17.8	18.2	17.4
Extrabudgetary funds	31.0	19.8	0.0	0.0	0.0	0.0	0.0	0.0
Domestic taxes on good and services	22.5	30.2	27.2	29.8	32.1	31.6	30.9	28.7
Taxes on international trade	2.0	2.6	2.5	2.7	2.9	3.0	3.3	3.1
Other taxes	5.7	5.9	7.1	8.5	8.4	8.4	6.3	6.3
Nontax revenue	4.0	5.0	4.1	5.1	6.0	6.8	4.7	6.8
Capital revenue	14.6	18.3	28.5	15.9	11.4	9.0	5.8	3.8
Total grants	0.1	0.1	0.0	0.1	0.1	0.7	0.1	0.5
Expenditure and net lending	100.0	100.3	100.0	100.0	100.0	100.0	100.0	100.0
Expenditure	93.6	94.7	98.3	96.3	96.1	96.1	98.6	96.6
General Government services	6.3	8.7	6.0	6.5	6.8	6.2	4.9	5.3
Defense	3.8	4.8	4.3	3.6	3.8	3.7	3.9	4.0
Public order and security	6.0	6.3	6.2	6.6	6.6	7.0	5.5	6.4
Education	15.6	15.9	20.9	20.4	18.8	16.9	16.2	15.6
Health	9.8	8.1	8.1	8.6	9.6	9.6	8.4	8.0
Social insurance and social security	36.1	36.7	43.9	36.5	34.8	34.4	40.5	34.1
Housing and public utilities	1.2	1.0	0.7	0.8	1.0	1.2	1.5	1.9
Recreation and culture	2.3	2.8	2.0	2.1	2.6	2.6	2.7	2.7
Agriculture, forestry, and nature conservation	2.2	1.5	0.5	1.1	1.5	1.5	1.8	2.1
Mining and minerals, processing, construction	1.5	0.5	0.2	0.3	0.3	0.6	0.6	0.8
Transportation and communications	2.2	2.3	0.5	1.4	2.4	2.7	4.0	4.2
Debt servicing	2.0	3.1	3.7	6.5	4.5	4.2	4.4	6.7
Other expenditure	4.5	3.0	1.3	1.8	3.4	5.5	4.1	4.7
Net lending	6.4	5.6	1.7	3.7	3.9	3.9	1.4	3.4
Lending	6.8	6.0	2.7	4.5	4.5	4.5	2.7	4.5
Repayments	0.4	0.4	1.0	0.8	0.6	0.6	1.3	1.1

Sources: Ministry of Finance; and Fund staff calculations.

1/ Includes financial operations of the consolidated state budget (republican and local budgets) and net position of extrabudgetary funds.

Table 28. Kazakhstan: Balance of Payments, 1995-2000
(In millions of U.S. dollars)

	1996	1997	1998	1999	2000
					QI
Current account	-751	-799	-1,225	172	428
Trade balance	-335	-276	-801	686	737
Exports (f.o.b.)	6,292	6,899	5,871	6,331	2115
Non-oil exports	5,384	5,990	4,961	4,013	1125
Of which: Shuttle exports	381	387	422	387	97
Oil-exports	908	909	910	2,318	990
Of which: estimated capital flight 3/				279	99
Imports, (f.o.b.)	-6,627	-7,176	-6,672	-5,645	-1378
Non-oil imports	-6,390	-6,940	-6,437	-5,411	-1357
Of which: Shuttle exports	-2,171	-3,185	-2,574	-2,106	-461
Oil-imports	-236	-235	-234	-233	-21
Services and income balance	-474	-597	-546	-671	-341
Services, net	-254	-283	-250	-171	-102
Credit	674	842	904	933	232
Transportation	432	495	388	421	111
Travel	59	61	47	31	74
Other services	184	286	470	482	48
Debit	-928	-1,125	-1,154	-1,104	-334
Transportation	-357	-392	-418	-400	-83
Travel	-45	-49	-51	-61	-92
Other services	-526	-684	-685	-644	-160
Income, net	-220	-314	-296	-500	-238
Credit	57	75	95	109	33
Debit	-277	-389	-392	-608	-271
Compensation of employees	-19	-24	-36	-61	-9
Investment income	-258	-365	-356	-548	-197
Current transfers	58	75	122	157	32
Capital and Financial account	1,689	2,462	1,860	794	-30
Medium and long-term loans and credits, net	379	781	662	215	-7
Government and government guaranteed, net	276	462	483	159	20
Central government, net	338	317	673	291	15
Drawings 1/	338	322	681	342	35
Repayment 1/	0	-5	-8	-51	-20
Government guaranteed, net	-76	150	-161	-132	5
Drawings	143	317	54	66	19
Repayment	-219	-167	-215	-198	-14
Commercial banks, net	4	37	47	13	-43
Other private sector, net	103	319	179	43	16
Net foreign direct investment, net	1,137	1,320	1,143	1,583	310
Portfolio investment, net	224	404	62	-46	-49
Short-term and other capital, net	260	360	324	-724	-240
of which estimated capital flight 3/				-279	-99
Capital transfers, net	-316	-440	-369	-234	-43
Errors and omissions	-915	-1,183	-1,078	-641	-446
Overall balance	23	480	-443	254	-48
Financing	-23	-480	443	-254	48
Net international reserves of the NBK (increase -)	-228	-490	423	-222	48
Foreign exchange assets (net)	-55	-490	423	-222	48
Of which: Fund credit (net)	135	-6	123	-178	-45
Purchases	135	0	218	0	0
Repurchases	0	-6	-95	-178	-45
Memorandum items:					
GDP (in U.S. dollar)	21,036	22,165	22,137	15,841	...
Current account (in percent of GDP)	-3.6	-3.6	-5.5	-1.1	2.6
NBK gross international reserves (in million of U.S. dollars)	1,961	2,252	1,964	2,003	1893
In months of imports of goods and non-factor services	3.1	3.3	3.1	3.6	...
In precent of stock of short-term debt 2/	141.9	110.2	80.3	114.7	...
Stock of external debt (in million of U.S. dollar) 1/	5,489	7,257	7,863	7,882	7967
In percent of GDP	26.4	32.3	35.5	49.8	...
Public external debt service (in millions of U.S. dollars) 1/	...	237	525	835.6	124
In percent of exports of good and non-factor services	...	3.1	8	11.5	...

Sources: Kazakhstani authorities; and Fund staff estimates and projections.

1/ Includes impact of the settlement of mutual claims between Russia and Kazakhstan of $1,691.7 million in Octoer 1998.

2/ Short-term debt is defined by original maturity.

3/ Oil exports to non-CIS countries are based on actual/projected volumes and world market prices.

Table 29. Kazakhstan: Composition of Exports, 1996-99

	units for volume	1996			1997			1998			1999		
		Volume	Price 1/	Value	Volume	Price 1/	Value	Volume	Price 1/	Value	Volume	Price 1/	Value
				(In millions of U.S. dollars)			(In millions of U.S. dollars)			(In millions of U.S. dollars)			(In millions of U.S. dollars)
Customs exports													
Oil and gas condensate	thousand tons	14,503.0	86.7	1,257.4	16,381.8	102.0	1,670.9	20,429.1	80.8	1,650.5	23,673.8	86.2	2,040.2
Coal	thousand tons	20,839.0	18.3	381.4	24,857.0	14.7	365.4	23,578.4	13.7	323.2	16,175.2	9.4	152.0
Oil refining products	thousand tons	2,485.8	95.9	238.4	1,423.6	90.2	128.4	1,037.7	50.5	52.5	900.3	62.9	56.6
Alumina	thousand tons	976.7	160.4	156.7	1,200.3	123.9	148.7	1,002.4	144.4	144.7	1,159.6	117.6	136.4
Refined copper	thousand tons	261.9	2,172.4	569.0	287.9	2,100.0	604.7	323.0	1,572.4	507.9	355.3	1,479.3	525.6
Unrefined zinc	thousand tons	149.5	957.2	143.1	191.1	1,146.7	219.2	218.0	833.1	181.6	207.0	787.2	163.0
Unrefined lead	thousand tons	61.0	775.6	47.3	77.8	635.6	49.5	85.2	479.4	40.8	110.0	439.9	48.4
Chromium ores and concentrates	thousand tons	262.7	61.8	16.2	579.6	27.0	15.7	388.4	34.8	13.5	528.3	36.3	19.2
Iron ores and concentrates	thousand tons	3,503.3	24.4	85.5	9,271.0	20.9	193.8	7,354.8	24.2	177.7	3,496.1	10.9	38.2
Ferroalloys	thousand tons	471.9	412.4	194.6	609.7	336.2	205.0	575.5	389.3	224.0	722.8	294.5	212.9
Rolled ferrous metal	thousand tons	1,907.2	283.0	539.7	2,795.6	252.0	704.5	2,374.5	217.2	515.7	2,918.0	205.6	599.9
Yellow phosphorus	thousand tons	27.7	1,257.7	34.8	17.6	1,132.9	20.0	4.7	1,411.1	6.6	9.7	1,056.4	10.2
Grain	thousand tons	2,808.9	152.6	428.6	3,577.5	143.1	511.6	2,905.2	101.7	295.4	3,816.2	82.2	313.6
Cotton fiber	thousand tons	69.7	1,388.1	96.7	63.9	1,213.6	77.5	48.2	1,077.3	51.9	62.1	796.8	49.5
Wool	thousand tons	31.2	1,372.4	42.8	41.7	1,367.9	57.1	12.0	1,440.0	17.3	15.7	426.2	6.7
Natural gas	million cubic meters	2,341.8	13.1	30.6	2,431.8	8.5	20.7	2,305.7	9.8	22.6	4,244.7	5.9	24.9
Others		...	...	1,674.0	...	...	1,534.7	...	...	1,221.9	...	...	1,194.8
Total custom exports		...	...	5,911.1	...	...	6,497.0			5,435.8			5,592.2
Operations not included in customs statistics		...	...	0.0	...	...	15.2			12.6			8.8
Shuttle exports		...	...	380.5	...	...	387.0			422.3			387.5
Total exports		...	...	6,291.7	...	...	6,899.2			5,870.6			5,988.5

Source: Kazakh authorities, and staff estimates.

1/ U.S. dollars per unit (ton or piece) except for natural gas which is in U.S. dollars per thousand cubic meters.

Table 30. Kazakhstan: Composition of Imports, 1996-99

	Units for volume	1996			1997			1998			1999		
		Volume	Price 1/	Value	Volume	Price 1/	Value	Volume	Price 1/	Value	Volume	Price 1/	Value
			(In millions of U.S. dollars)			(In millions of U.S. dollars)			(In millions of U.S. dollars)			(In millions of U.S. dollars)	
Customs imports													
Oil and gas condensate	thousand ton	340.1	87.1	29.6	1,726.0	96.3	166.2	2,074.2	70.8	146.9	714.6	29.9	21.3
Oil refining products	thousand ton	895.3	226.1	202.4	617.9	263.9	163.1	822.5	236.2	194.3	612.8	143.4	87.9
Electricity	million kilowatt-hours	6,614.7	36.5	241.2	4,703.9	25.5	119.9	3,373.8	24.2	81.6	3077.5	20.5	63.2
Natural gas	million cubic meters	5,494.5	37.5	205.8	3,003.7	30.7	92.2	3,051.8	36.9	112.6	2783.4	36.1	100.6
Coal	thousand ton	1,059.8	30.1	31.9	975.3	27.4	26.7	1,211.1	24.8	30.0	1121.4	17.3	19.4
Rolled ferrous metals	thousand ton	39.8	610.7	24.3	42.3	583.9	24.7	32.4	506.6	16.4	38.5	333.7	12.9
Electrical equipment and mechanical tools		...	...	994.8	...	...	1,154.3	...	...	1,199.9	...	...	969.3
Foodstuffs		...	...	337.8	...	...	370.6	...	...	241.6	...	...	282.2
Nonfood consumer goods		...	...	307.2	...	...	400.7	...	...	356.0	...	...	410.8
Vehicles		...	...	360.0	...	...	367.7	...	...	434.0	...	...	629.9
Others		...	...	1,429.7	...	...	1,364.3	...	...	1,536.2	...	...	1085.2
Total customs imports		...	...	4,164.8	...	...	4,250.5	...	...	4,349.6	...	...	3682.7
Operations not included in customs statistics and coverage adjustments		...	...	76.3	...	...	50.3	...	...	43.5	...	...	175.1
Shuttle imports		...	...	2,170.9	...	...	3,185.5	...	...	2,574.1	...	...	2107.0
Other corrections		...	...	214.7	...	...	-310.7	...	...	-241.1	...	...	-319.8
Grants		...	...	351.7	...	...	98.3	...	...	97.7	...	...	...
Non-equivalent barter		...	...	247.5	...	...	29.9	...	...	114.9	...	...	84.1
Freight		...	...	-384.5	...	...	-438.9	...	...	-453.7	...	...	-403.9
Total imports		...	...	6,626.7	...	...	7,175.6	...	...	6,726.1	...	...	5645.0

Sources: Kazakhstani authorities, and staff estimates.

1/ U.S. dollars per ton except for natural gas which is in U.S. dollars per thousand cubic meters and electricity which is in U.S. dollars per thousand kilowatt-hours.

Table 31. Kazakhstan: Geographical Distribution of Exports of Energy Products to the Baltics, Russia and Other States of the Former Soviet Union, 1995-99

	1995	1996	1997	1998	1999
		(In thousands of tons)			
Oil and gas condensate					
Total	6,793.4	10,567.5	9,226.7	10,267.3	6,873.3
Azerbaijan	34.1	0.0	38.6	36.0	0.0
Belarus	0.0	0.0	20.1	115.2	0.0
Kyrgyz Republic	0.0	0.4	1.5	0.0	0.0
Lithuania	880.0	1,763.8	344.0	0.0	671.4
Russia	4,795.2	6,737.3	5,497.2	6,925.0	4,632.5
Turkmenistan	0.0	0.0	0.0	0.0	0.0
Ukraine	1,084.1	2,041.9	3,111.0	3,160.7	1,536.1
Estonia	0.0	24.1	214.3	30.4	33.3
		(In million of cubic meters)			
Natural gas					
Total	2,565.5	2,341.8	2,431.8	2,305.7	3,776.2
Georgia	0.0	177.0	0.0	30.0	127.4
Russia	2,565.5	2,164.8	2,431.8	2,275.7	3,648.8
		(In thousands of tons)			
Gasoline					
Total	134.6	184.4	81.5	25.6	39.8
Kyrgyz Republic	92.3	91.3	22.3	19.6	36.3
Latvia	0.0	0.0	0.0	0.0	0.0
Moldova	0.0	0.0	0.0	0.0	0.0
Russia	10.7	11.8	6.3	0.7	0.0
Tajikistan	13.6	53.3	47.1	5.3	2.0
Uzbekistan	12.5	28.0	3.7	0.0	1.5
Ukraine	5.5	0.0	2.1	0.0	0.0
Diesel fuel					
Total	100.1	294.3	206.3	61.0	77.1
Belarus	0.0	0.0	0.1	0.0	0.0
Kyrgyz Republic	60.7	65.6	31.3	38.8	41.1
Latvia	0.0	24.6	6.5	1.1	0.0
Lithuania	1.0	2.5	3.5	0.1	25.0
Moldova	0.0	0.0	0.2	0.0	0.0
Russia	8.9	157.0	142.1	21.0	8.9
Tajikistan	9.5	11.8	2.1	0.0	1.1
Uzbekistan	1.1	3.7	0.0	0.0	0.0
Ukraine	17.3	29.1	17.5	0.0	0.0
Estonia	1.6	0.0	3.0	0.0	1.0
Heavy furnace fuel					
Total	137.5	194.1	144.5	138.4	28.5
Belarus	0.0	0.0	0.0	0.0	0.0
Kyrgyz Republic	35.7	89.6	32.2	42.2	27.9
Lithuania	4.4	0.0	2.1	0.0	0.0
Moldova	0.0	0.5	6.0	0.0	0.0
Russia	39.3	81.0	101.2	84.9	0.6
Tajikistan	0.0	0.0	0.0	0.0	0.0
Uzbekistan	0.0	0.6	0.0	0.0	0.0
Ukraine	58.1	22.4	3.0	11.3	0.0
Coking coal					
Total	1,976.1	1,507.4	1,371.3	262.0	2.5
Belarus	0.0	0.0	0.0	0.0	0.0
Georgia	0.0	0.0	0.0	0.0	0.0
Kyrgyz Republic	5.5	28.6	5.7	0.0	0.0
Lithuania	0.0	1.3	0.0	0.0	0.0
Russia	1,959.5	1,477.5	1,365.6	262.0	2.5
Tajikistan	0.0	0.0	0.0	0.0	0.0
Turkmenistan	0.0	0.0	0.0	0.0	0.0
Uzbekistan	1.2	0.0	0.0	0.0	0.0
Ukraine	9.9	0.0	0.0	0.0	0.0

Source: Kazakhstani authorities.

Table 32. Kazakhstan: Geographical Distribution of Exports 1995-99
(In percent)

	1995	1996	1997	1998	1999
1. BRO Countries	58.11	57.14	47.56	42.61	30.10
Armenia	0.00	0.00	0.00	0.01	0.12
Azerbaijan	0.44	0.16	0.36	0.55	0.55
Belarus	1.03	0.78	0.66	0.41	0.22
Estonia	0.30	0.24	0.66	2.23	1.96
Georgia	0.00	0.17	0.03	0.09	0.06
Kyrgyz Republic	1.43	1.89	1.02	1.15	1.06
Latvia	0.60	0.30	0.31	0.32	0.44
Lithuania	2.30	2.82	0.70	0.15	1.57
Moldova	0.05	0.05	0.04	0.02	0
Russia	45.06	42.03	35.21	29.64	19.81
Taiikistan	0.77	1.03	0.85	0.78	0.82
Turkmenistan	0.90	0.66	0.77	0.23	0.24
Ukraine	2.31	3.59	4.67	4.84	2.06
Uzbekistan	2.92	3.41	2.28	2.19	1.19
2. Non-BRO Countries	41.89	42.86	52.44	57.39	69.90
Austria	0.30	0.24	0.07	0.07	0.02
Afghanistan	0.10	0.10	0.13	0.14	0.20
Belgium	0.30	0.11	0.39	0.37	0.60
China	5.70	7.76	6.81	7.03	8.46
Czech Republic	0.50	0.40	0.29	0.73	0.14
Finland	1.00	1.89	2.86	1.63	0.69
Greece	0.00	0.02	0.04	0.02	0.02
Germany	3.30	3.10	5.43	5.18	5.95
Hungary	0.20	0.19	0.08	0.06	0.10
Italy	2.70	3.33	5.50	9.06	7.49
Japan	0.90	1.48	1.66	0.92	0.42
Netherlands	9.70	5.13	3.13	5.06	2.88
Oman	0.00	0.00	0.01	0.00	0.00
Poland	0.00	0.36	0.43	0.76	1.37
South Korea	1.70	3.01	2.00	0.74	0.64
Switzerland	3.60	3.58	4.40	6.15	5.30
Sweden	0.10	0.33	0.11	0.14	0.36
Thailand	0.80	0.93	0.98	0.15	0.95
Turkey	1.30	0.87	1.57	1.74	0.65
United Kingdom	2.10	3.91	8.45	8.89	3.38
United States	0.80	1.00	2.14	1.40	1.44
Yugoslavia	0.00	0.01	0.00	0.00	0.01
Other countries	6.79	5.11	5.96	7.15	28.82
Total	100.00	100.00	100.00	100.00	100.00

Source: Kazakhstani authorities.

Table 33. Kazakhstan: Geographical Distribution of Imports 1995-99
(In percent)

	1995	1996	1997	1998	1999
BRO Countries	70.64	70.57	55.67	48.09	43.69
Armenia	0.07	0.01	0.04	0.01	0.01
Azerbaijan	0.66	0.53	0.45	0.23	0.12
Belarus	2.04	2.84	1.36	1.41	1.06
Estonia	0.19	0.21	0.19	0.07	0.04
Georgia	0.06	0.07	0.13	0.09	0.04
Kyrgyz Republic	0.81	2.15	1.48	1.21	0.75
Latvia	0.31	0.29	0.74	0.29	0.14
Lithuania	0.46	0.63	0.51	0.37	0.21
Moldova	0.15	0.19	0.06	0.07	0.10
Russia	49.90	54.81	45.79	39.36	36.68
Tajikistan	0.32	0.41	0.15	0.09	0.06
Turkmenistan	6.34	4.15	1.07	0.54	0.53
Ukraine	2.25	2.18	2.17	2.13	1.61
Uzbekistan	7.08	2.10	1.53	2.21	2.35
Non-BRO Countries	29.36	29.43	44.33	51.91	56.31
Austria	1.35	0.47	0.85	0.77	0.49
Canada	0.20	0.15	0.57	0.89	0.47
China	0.91	0.84	1.08	1.16	2.21
Cuba	0.00	0.58	0.50	0.57	0.50
Czech Republic	0.59	0.62	0.73	1.21	0.76
Finland	0.80	1.32	1.58	1.63	1.27
Germany	5.17	4.66	8.55	8.42	7.81
Hungary	0.55	0.82	1.24	1.20	0.99
India	0.37	0.41	0.46	0.83	0.85
Italy	0.79	0.99	1.97	2.05	2.91
Japan	0.22	0.43	0.67	1.59	3.23
Poland	0.00	0.99	0.95	1.08	1.72
Switzerland	1.45	1.08	1.15	1.53	1.15
Sweden	0.43	0.26	0.31	0.36	0.66
United Kingdom	2.20	1.80	3.29	5.02	6.32
United States	1.70	1.56	4.69	6.23	9.47
Yugoslavia	0.05	0.06	0.05	0.04	0.01
Other countries	12.58	12.38	15.70	17.33	15.49
Total	100.00	100.00	100.00	100.00	100.00

Source: Kazakhstani authorities.

Table 34. Kazakhstan: Breakdown of Foreign Direct Investment by Country, 1993-99
(In percent of total)

Country	1993-96	1997	1998	1999
Canada	3.09	1.08	2.48	0.51
China	4.85	14.86	7.03	2.76
Germany	1.60	2.50	5.62	0.85
Iceland	2.24	3.11	0.26	0.03
Indonesia	1.86	5.90	4.46	0.00
South Korea	21.41	34.17	2.58	1.60
Switzerland	1.19	1.48	3.79	1.32
Turkey	5.29	3.09	7.20	1.89
United Kingdom	14.54	14.78	7.01	9.03
United States	28.44	9.88	32.38	50.17
Others	15.49	9.15	27.19	31.84
Total	100.00	100.00	100.00	100.00

Source: Kazakhstani authorities.

Table 35. Kazakhstan: Breakdown of Foreign Direct Investment by Industry, 1993-99
(In percent of total)

Sector	1993-96	1997	1998	1999
Oil and gas	43.91	34.08	66.86	84.68
Ferrous metals	27.33	36.13	6.27	0.99
Non-ferrous metals	5.01	5.25	1.01	2.84
Energy	3.80	6.09	6.99	1.30
Geological exploration	0.55	1.46	1.48	0.29
Mining	2.78	3.21	0.00	0.00
Food	3.54	3.35	3.48	2.65
Banking	0.90	1.23	6.89	2.37
Communication	3.13	6.00	0.38	0.31
Hotels and restaurants	0.30	0.53	0.76	0.45
Other	8.75	2.67	5.88	4.12
Total	100.00	100.00	100.00	100.00

Source: National Bank of Kazakhstan.

Table 36. Kazakhstan: Stock of External Debt (end-of-period), 1995-2000
(In millions of U.S. dollars)

	1995	1996	1997	1998	1999	2000 Q1
Total external debt	...	5494	7233	7863	7882	7962
Total public external debt	3437	3895	4572	3926	4044	4012
IMF Credit	441	557	521	629	454	408
Government and government guaranteed debt	2996	3338	4050	3297	3590	3604
Loans to the government	1936	2457	3103	2430	2896	2901
Multilateral Creditors	375	648	894	1239	1472	1475
World Bank	289	516	716	927	1106	1107
EBRD	22	36	10	28	49	46
ADB	64	96	168	284	307	311
Islamic Development Bank					10	11
Bilateral Creditors	1561	1609	1658	641	774	776
Russia I 1/	1250	1250	1250	0		
Russia II 2/	68	68	68	0		
Turkmenistan	8	8				
Germany (KfW)	0	4	4	4	5	5
Korea (EXIM bank)					5	5
Japan (JEXIM)	227	271	238	262	262	245
Austria	5	4	4	5	4	3
Sweden	3	3	3	3	3	3
OECF/JCB	0	0	25	94	191	205
Foreign commercial banks and companies						293
Other 3/	0	0	68	274	306	16
Eurobonds	0	200	550	550	650	650
Loans guaranteed by the government (incl. Medium and long term trade credits)	1060	881	947	866	694	684
Non-guaranteed External Debts	...	1599	2662	3937	3838	3950
MLT credits and loans	...	227	668	1488	2093	2100
Short-term:	...	1372	1994	2449	1745	1850
Commercial banks	...	0	115	97		
Enterprises	...	470	668	724		
Inter-enterprise credits	...	902	1211	1629		
Memorandum items:						
Government and government guaranteed debt by creditor (in percent)						
Multilateral creditors, excluding IMF	12.5	19.4	22.1	37.6	41.0	40.9
Bilateral creditors	52.1	48.2	40.9	19.4	21.6	21.5
Eurobonds	0.0	6.0	13.6	16.7	18.1	18.0
Loans guaranteed by the government	35.4	26.4	23.4	26.3	19.3	19.0

Sources: Ministry of Finance, NBK, and Fund staff estimates.

1/ Intergovernmental debt resulting from conversion of 1992-93 correspondent account balances; it is assumed that deferred interest is capitalized semiannually.
2/ Intergovernment debt resulting from drawings under the RR 150 billion Technical Credit.
3/ Debt guaranteed by the government and assumed as government debt as of the beginning of 1997, plus debt of commercial banks and firms not included elsewhere.