



## NATIONAL BANK OF KAZAKHSTAN

### Comment of Deputy Director of NBK Department of Balance of Payments Zhassulan Muratov on Balance of Payments for H1 2022

National Bank of Kazakhstan has formed the final assessment of the balance of payments for the first six months of 2022.

**The current account** of the balance of payments has formed with a surplus of **USD 5.7 billion**. In the same period of last year there was a **USD 3.8 billion** deficit.

Transition of the current account from a negative to a positive zone is associated with an improvement in the state of the **trade balance**. Its surplus reached **USD 20.9 billion** demonstrating a significant improvement compared to value of the comparable period last year by USD 12.6 billion.

I would point out that in the second quarter this year, trade surplus reached a local maximum since 2014 and amounted to **USD 11.3 billion**. Increase in surplus is ensured by an outpacing growth rate of exports of goods over imports.

**Export** of goods soared by **56.8%** compared to the same period last year and reached **USD 42.3 billion**. Exports of goods were supported by strong external demand and high global prices for commodities, in particular oil. Thus, **export** of **oil** and gas condensate grew by **84.7%** and amounted to **USD 24.8 billion**.

**Imports** of goods, in turn, increased by **14.8%** to **USD 21.4 billion**. This was associated with growing imports of intermediate (by 19.3%, or USD 1.8 billion) and non-food consumer goods (by 9.7%, or USD 409 million).

**Income** of foreign direct investors in the reporting period also demonstrated a 31.7% increase (or USD 3.3 billion) and amounted to USD 13.9 billion. This growth is provided by a high concentration of foreign investors in the commodity sector, first of all in the oil and gas sector. Traditionally, growth of investors' incomes held back the improvement in the current account, offsetting the increase in the trade surplus.

**Financial account** (excluding reserve assets) had a positive balance of **USD 7.4 billion**. This means a net increase in foreign assets and a contraction in external liabilities (in the first half of 2021, there was a net inflow of **USD 2.8 billion**). Positive balance of the financial account is provided mainly by operations of the public sector.

**Reserve assets** (excluding assets of the National Fund) as of July 1, 2022 were estimated at **USD 32.0 billion**. This covers financing needs of 7.3 months of Kazakhstan's imports of goods and services.

Along with that, the National Bank of Kazakhstan, within formation of final results on the balance of payments for the first half of 2022, adjusted transactions of individuals related to cross-border trade, as well as "gray" imports of cars from the EAEU countries.

Import of cars by individuals from the EAEU countries for their own use or for the purpose of resale in recent years was featured by absence of registration of such cars in the Republic of Kazakhstan. Such car imports are not included in official foreign trade statistics. According to estimates of the National Bank, “gray” imports of cars from the neighboring countries since 2015 totaled USD **4.2 billion**, or an average of nearly USD 500 million a year, while the peak period was 2021 with 131.2 thousand imported cars. Imports in the peak year were estimated at **USD 980 million**, or an average of USD 7.5 thousand per car.

Assessment of the “gray” import of cars was made based on insurance policies issued to individuals subject to the laws of the Republic of Kazakhstan. This analytical work implied an assessment of value of cars imported into the country, based on the make of cars, year of production and age at the time of importing. Soon it is planned to publish an article on gray import of cars, which will reveal methodological approaches of the work carried out.

International trade statistics also lacks data on goods purchased by individuals through foreign websites. The National Bank also assessed volume of imports purchased by residents through online platforms. In this assessment, the approach was based on analysis of non-cash payments of individuals made with the use of Kazakhstan’s credit and debit cards in a foreign acquiring system. Classification of transactions by balance of payments items was carried out using MCC codes featuring a type of economic activity of a foreign trade (service) outlet.

It is important to note that it becomes more and more popular to buy goods through online platforms. Restrictions connected with the pandemic also contributed to this trend. Thus, according to assessment of the National Bank, volume of imports of goods purchased through websites since 2015 totaled **USD 2.6 billion**. Along with that, this indicator in 2021 was 7.5 times higher compared to 2015 and amounted to **USD 749 million**. With growing popularity of electronic trading platforms, we expect volume of e-commerce to expand. In this context, regular assessment of e-commerce volume must become an integral part of compilation of external sector statistics.

For these types of transactions, balance of payments data has been recalculated since 2015. These transactions expand coverage of individuals in the external sector statistics and add items in the current account by balancing components of the balance of payments.

Final report of the balance of payments is [published](#) on the official website of the NBK.

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