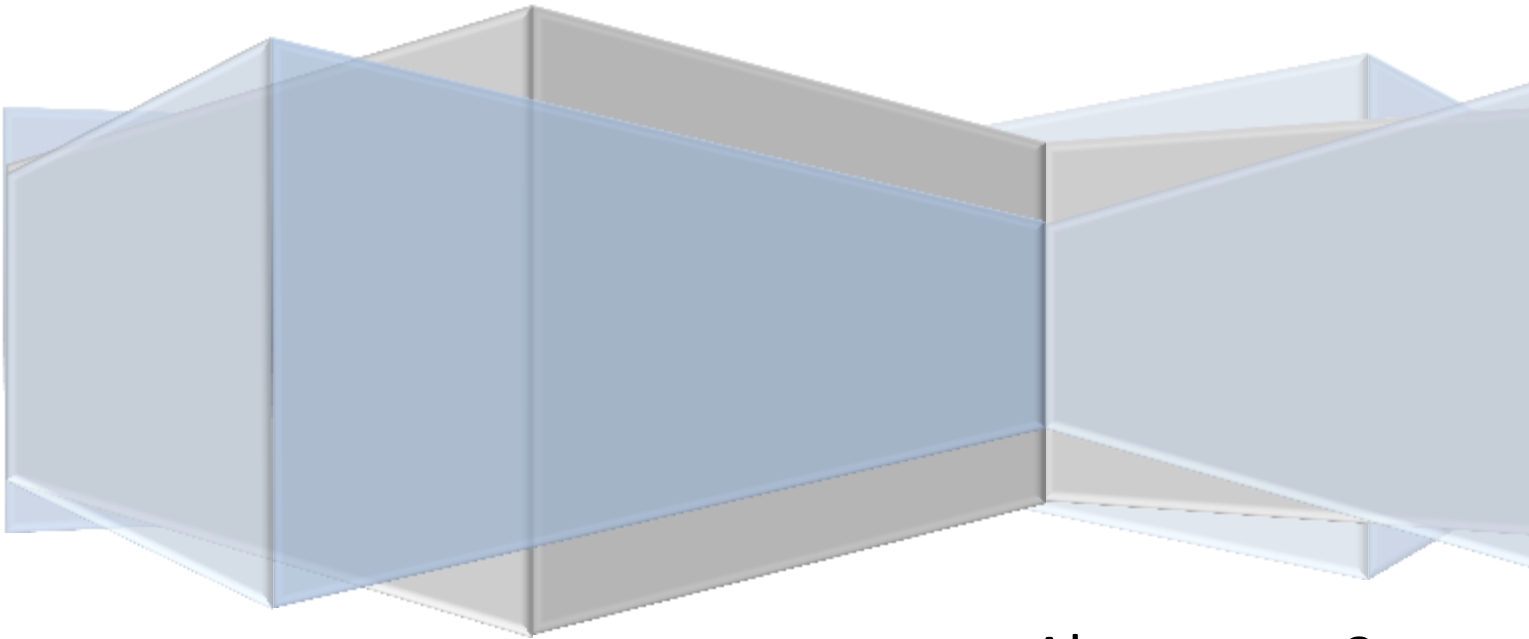




TRANSPARENCY KAZAKHSTAN
the Global Coalition Against Corruption

**The Customs corruption in Kazakhstan:
the trade mirror analysis**
White book



Almaty, 2018

The research project « The Customs corruption in Kazakhstan: the trade mirror analysis» is realized thanks to the Transparency International grant

Introduction

Kazakhstan is located in the heart of Eurasia at the intersection of transport and communication lines connecting the West and the East, creating a system of caravan roads of the Great Silk Road from China through Central Asia to the countries of the Middle East and Europe.

In the modern era, the transit potential has not lost its relevance. Since 2008, a transnational infrastructure project to create a highway «Western Europe – Western China» with a length of more than 8 thousand kilometers has been launched.

The transport corridor is aimed at strengthening economic and cultural ties between Europe and Asia, increasing trade with the countries of near and far abroad

In 2010, the Customs Union was established, which transformed into the Eurasian economic Union of five States: Kazakhstan, Russia, Kyrgyzstan, Armenia and Belarus. The Union provides for the free movement of goods, services, capital and labor in the EAEU space.

In 2015, Kazakhstan joined the World Trade Organization, starting to introduce international standards and trade principles into its legislation.

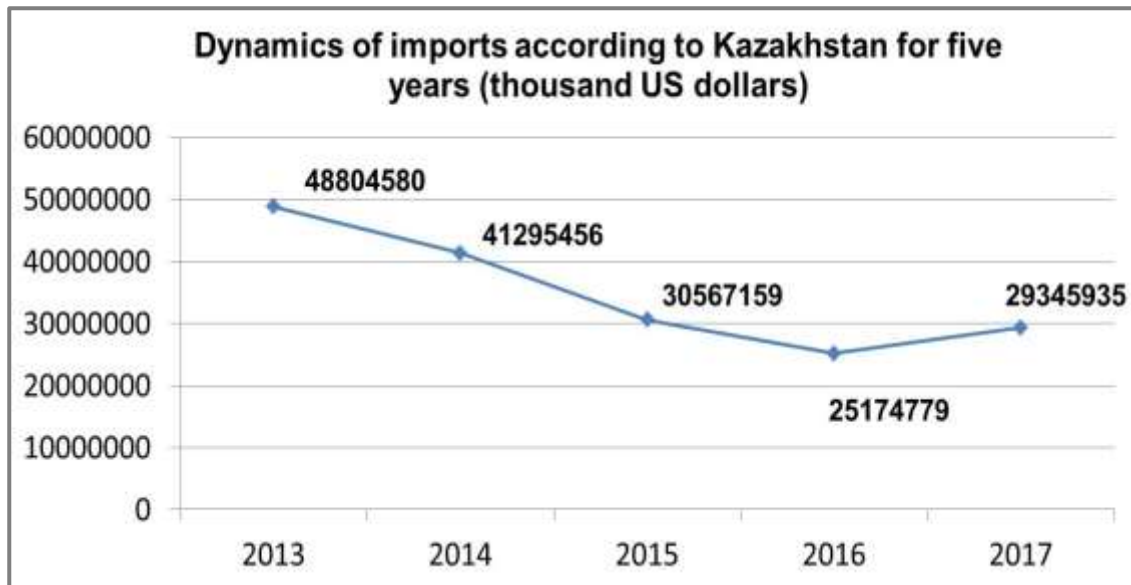
The consequence of the geographical location and political and economic measures was the determining role of trade in Kazakhstan's GDP, as well as its accompanying growth of corruption offenses and crimes in the field of customs control.

In this study, Transparency Kazakhstan analyzed the trade turnover between Kazakhstan and ten partner countries that are not members of the EAEU.

According to data provided by Kazakhstan to the WTO, over the past five years there has been a decrease in the volume of imported products imported to Kazakhstan. However, according to partner countries, the share of exported goods to Kazakhstan is increasing annually.

It is noteworthy that the difference in official statistics between Kazakhstan and the following partner countries in terms of trade turnover reaches 100%.

These are *China, Italy, USA, Germany, Switzerland, Poland, Pakistan, UK, South Korea and Japan.*



The study took into account that the source of discrepancies may be different dates of accounting for exports and imports, the moment of transfer of goods across the state borders of counterpart countries, as well as various methodologies of imported / exported goods.

At the same time, according to expert estimates, discrepancies in statistical data due to the difference in the applied methodologies can reach 40-45%¹. A difference of over 50% indicates the presence of signs of corruption in the customs authorities.

Research methodology

The study was subject to official statistics on trade turnover of Kazakhstan with 10 partner countries for the five-year period from 2013 to 2017². Data were compared on total imports as well as 80 groups of goods according to the world trade organization classification.

Analyzed period

The problems of comparability of data on Kazakhstan's foreign trade are noted in 2015-2017, when the country joined the WTO and committed to the transition to the international methodology of accounting for customs statistics of foreign trade.

Research objectives

Mirror comparison of data with the errors of different methods is of practical importance, as it allows:

¹ https://www.unece.org/fileadmin/DAM/stats/documents/technical_coop/GA_Kazakhstan_Final_Report_RU.pdf

² [https://www.trademap.org/\(X\(1\)S\(xgs11z45e3v00n4532qjxmyd\)\)/tradedstat/Bilateral_TS.aspx?nvpm=1|381||398||TOTAL||2|1|1|2|2|1|1|1|1](https://www.trademap.org/(X(1)S(xgs11z45e3v00n4532qjxmyd))/tradedstat/Bilateral_TS.aspx?nvpm=1|381||398||TOTAL||2|1|1|2|2|1|1|1|1)

- ✓ identify signs of corruption schemes of hiding customs and tax payments to the budget of Kazakhstan,
- ✓ identify the groups of goods that are the subject of violations, the reasons, to make appropriate recommendations to public authorities.

Analysis of Kazakhstan's trade with non-EAEU partner countries

In General, the analysis recorded a difference of more than 50% between Kazakhstan and foreign data on 40 groups of goods (see table 1).

The greatest underestimation of Kazakhstan's imports is noted for ferrous metal products, pharmaceutical, chemical products, plastic products of clothing and footwear, furniture, vehicles, rubber.

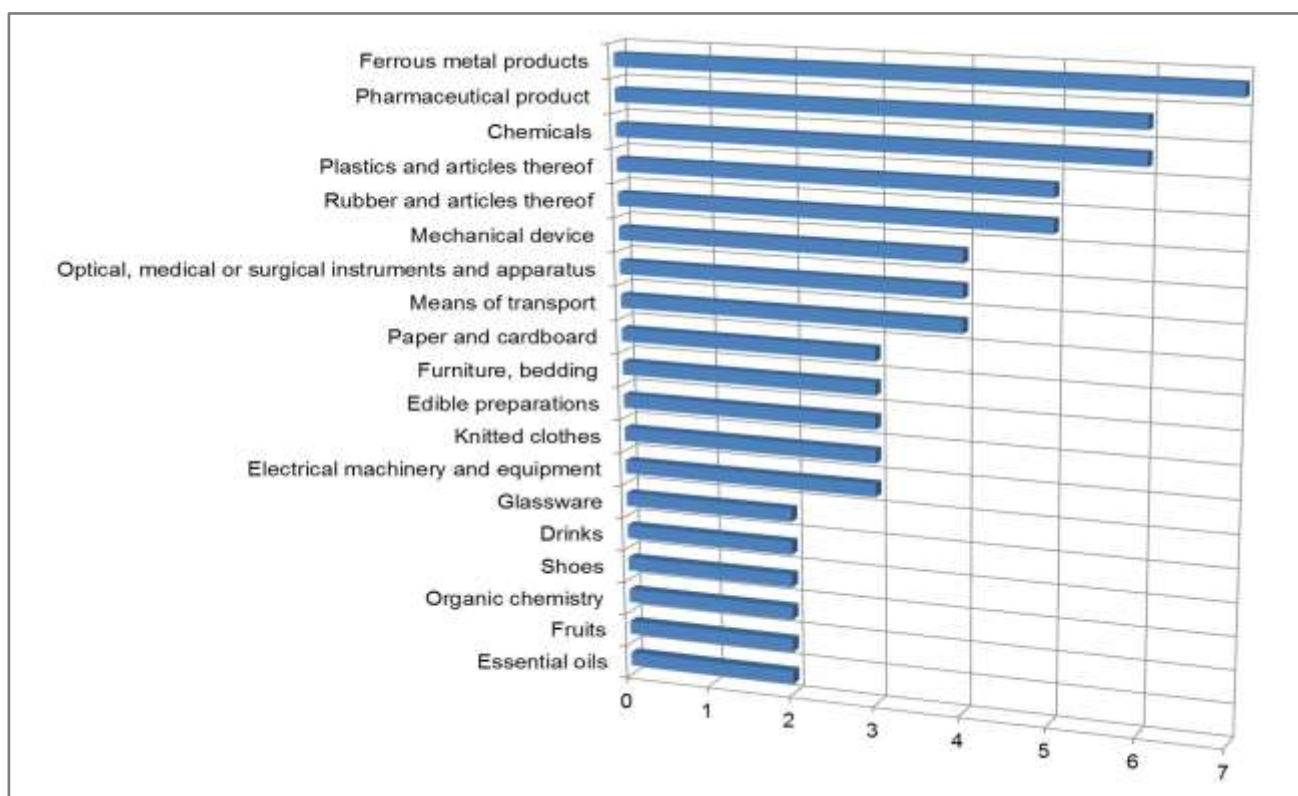


Table 1. Groups of goods for which the difference exceeds 50%

The analysis shows that the discrepancy in the import-export data is often caused by the following reasons:

- ✓ the goods were recorded either by the country of the holder of the contract or by the country of the first known destination;
- ✓ supplies of goods carried out through third countries;
- ✓ deliberately understated the amount or value of when you export with the aim of reducing customs duties levied or to increase the exporter of the same indicators to increase the size of the returned VAT;
- ✓ inaccurate declaration.

Below is a comparative analysis for the countries as a whole and for groups of products that have a difference in the statistics of the counterparty countries of more than 50%.

The Mirror analysis of turnover

Table 1.1.1. The Import from China

The Import from China to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousands of dollars	8,364,466	7,357,220	5,087,801	3,665,652	4,692,242
Chinese data, thousands of dollars	12,545,124	12,709,849	8,441,241	8,292,321	11,632,542
Difference, %	33,2	42	39,7	55,8	59,7

China occupies a leading position among the countries exporters of goods to Kazakhstan. This is facilitated by the proximity of the borders, the creation of the Khorgos International Border Cooperation Center, as well as the further re-export of Chinese goods to the EAEU countries and Europe.

A Comparison of data on imports from China shows a steady trend towards an increase in the share of smuggled goods, passed by the customs authorities of Kazakhstan.

Table 1.1.2. The Import from China by product group

Product group	Data type	2013	2014	2015	2016	2017
Vehicles other than railway or	Kazakhstan data, thousands of	540,358	359,954	199,936	122,220	172,586

tramway rolling stock, and parts and accessories thereof	dollars					
	Chinese data, thousands of dollars	799,051	596,540	381,369	381,697	509,911
	Difference, %	32	39,6	47,5	67,9	66
Footwear, gaiters and the like; parts of such articles	Kazakhstan data, thousands of dollars	380,691	461,383	204,084	118,874	164,501
	Chinese data, thousands of dollars	1,060,703	2,232,920	1,348,537	1,205,219	1,685,323
	Difference, %	64	52,4	84,9	90	90
Ceramic products	Kazakhstan data, thousands of dollars	79,651	78,873	58,072	55,385	77,543
	Chinese data, thousands of dollars	106,739	128,569	141,868	147,464	157,141
	Difference, %	25,4	38,7	59	62	50,6
Toys, games and sports requisites; parts and accessories thereof	Kazakhstan data, thousands of dollars	75,799	75,095	69,919	55,785	74,227
	Chinese data, thousands of dollars	113,861	91,075	58,202	135,813	643,567
	Difference, %	33,4	17,5	16,7	58,9	88,5
Furniture; bedding, mattresses, mattress supports, cushions and	Kazakhstan data, thousands of dollars	113,123	164,327	116,006	54,746	72,373
	Chinese data, thousands of	265,613	293,465	220,187	228,919	359,879

similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	dollars					
	Difference, %	57	44	47	76	79,8
Edible fruit and nuts; peel of citrus fruit or melons	Kazakhstan data, thousands of dollars	88,362	84,054	78,942	46,477	51,445
	Chinese data, thousands of dollars	143,669	136,788	132,453	132,435	204,250
	Difference, %	38,5	38,5	40,4	64,9	74,8
Articles of apparel and clothing accessories, not knitted or crocheted	Kazakhstan data, thousands of dollars	204,929	214,545	78,089	42,205	44,659
	Chinese data, thousands of dollars	941,170	1,047,763	458,805	578,220	858,579
	Difference, %	78	79,5	82,9	92,7	94,8
Tools, implements, cutlery, spoons and forks, of base metal; parts	Kazakhstan data, thousands of dollars	76,429	62,482	35,248	30,069	43,363
	Chinese data, thousands of	116,134	121,756	71,721	77,284	133,867

thereof of base metal	dollars					
	Difference, %	34	48,7	50,8	61	67,6
Glass and glassware	Kazakhstan data, thousands of dollars	56,846	50,005	28,029	34,334	43,327
	Chinese data, thousands of dollars	169,286	134,905	83,959	77,783	84,786
	Difference, %	66,4	62,9	66,6	55,8	48,9
Articles of apparel and clothing accessories, knitted or crocheted	Kazakhstan data, thousands of dollars	215,819	185,152	71,929	40,641	39,325
	Chinese data, thousands of dollars	2,234,091	1,557,882	557,447	707,158	840,750
	Difference, %	90	88	87	94	95
Miscellaneous articles of base metal	Kazakhstan data, thousands of dollars	49,155	41,809	34,094	29,317	36,043
	Chinese data, thousands of dollars	137,916	135,767	137,337	146,905	126,193
	Difference, %	64	69	75	80	71

Comparison of data on trade with China shows that the real indicators of Chinese imports to Kazakhstan are underestimated to 90% for socially important groups of goods.

Up to 60 to 90% of the goods imported from China of the groups «clothes», «shoes», «hosiery», «bed linen», «furniture», «toys», «fruits and vegetables», «vehicles» are actually contraband. Only 10% -45% of goods imported to Kazakhstan are subject to the relevant customs duties.

This state of Affairs in the customs administration of Kazakhstan contributes to the formation of shadow business, corruption and is a direct threat to the health and safety of the nation.

Table 2.1.1. The Import from Italy

Imports from Italy to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousand dollars	1,036,603	1,039,383	1,176,149	835,333	946,335
Italian data, thousand dollars	968,919	935,577	862,674	931,947	709,708
Difference %	6,5	10	26,6	10,4	25

Italy is among the top three trade partners of Kazakhstan: the share in the total turnover of Kazakhstan is 15.9%, after Russia and China and ranks first among the EU countries in terms of foreign trade, and is one of the largest investors in Kazakhstan's economy³.

At the same time, the difference in official statistics reaches a quarter of the total turnover.

Table 2.1.2. The Import from Italy by product group

³ <https://kapital.kz/gosudarstvo/68522/kazahstan-i-italiya-budut-rasshiryat-sotrudnichestvo.html>

Product group	Data type	2013	2014	2015	2016	2017
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	Kazakhstan data, thousand dollars	381,376	322,220	575,460	320,099	360,712
	Italian data, thousand dollars	424,893	362,111	270,015	334,779	253,009
	Difference %	10	11	53	4,6	30
Articles of iron or steel	Kazakhstan data, thousand dollars	101,829	132,796	111,944	145,565	134,351
	Italian data, thousand dollars	42,723	71,906	216,696	284,171	91,810
	Difference %	58	45,8	48,3	48,7	31,6
Pharmaceutical products	Kazakhstan data, thousand dollars	51,326	50,424	43,210	40,459	43,189

	Italian data, thousand dollars	18,612	8,661	7,466	5,270	5,409
	Difference %	63,7	82,8	82,7	87	87,5
Miscellaneous chemical products	Kazakhstan data, thousand dollars	11,160	16,089	14,556	9,863	15,273
	Italian data, thousand dollars	6,428	9,038	7,065	4,494	6,339
	Difference %	42,4	43,8	51,5	54,4	58,5
Footwear, gaiters and the like; parts of such articles	Kazakhstan data, thousand dollars	19,716	16,794	12,493	11,233	13,187
	Italian data, thousand dollars	60,771	51,443	32,468	25,747	28,087
	Difference %	67,5	67	61,5	56,4	53

Articles of apparel and clothing accessories, not knitted or crocheted	Kazakhstan data, thousand dollars	18,777	18,184	15,426	11,717	13,079
	Italian data, thousand dollars	97,760	82,263	56,265	45,535	51,460
	Difference %	80	77,9	72,6	74	74,6
Articles of apparel and clothing accessories, knitted or crocheted	Kazakhstan data, thousand dollars	12,152	9,485	7,882	6,908	11,185
	Italian data, thousand dollars	23,593	22,037	14,037	12,499	13,570
	Difference %	48,5	57	43,8	44,7	17,6
Plastics and articles thereof	Kazakhstan data, thousand dollars	22,727	18,481	14,108	15,570	10,710
	Italian data, thousand dollars	6,206	6,121	6,564	7,207	5,190

	Difference %	72,7	66,9	43,6	53,7	51,5
Beverages, spirits and vinegar	Kazakhstan data, thousand dollars	15,858	14,138	8,815	7,017	9,188
	Italian data, thousand dollars	5,699	3,817	3,770	3,113	3,922
	Difference %	64	73	85,6	55,6	57,3
Paper and paperboard; articles of paper pulp, of paper or of paperboard	Kazakhstan data, thousand dollars	13,367	10,904	6,132	4,493	4,868
	Italian data, thousand dollars	5,521	5,293	2,656	2,666	2,743
	Difference %	59	51	56,7	40,7	49,8

Pharmaceuticals, clothing and alcoholic beverages of Italian production constitute the main group of goods for which there is a discrepancy in the statistical data of the two countries by more than 70%.

Moreover, Kazakhstan's inflated data indicate import of counterfeit counterfeit products under Italian brands. And this is also a problem, because in the framework of the WTO, Kazakhstan must protect the copyright of the partner countries.

Table 3.1.1. The Import from Switzerland

Import from Switzerland to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousands of dollars	192,430	182,727	129,479	110,046	139,475
Swiss data, thousands of dollars	210,387	235,587	172,412	150,675	183,990
Difference %	8,5	22	24,9	26,9	24

According to the State Revenue Committee, imports of Swiss products are represented by pharmaceuticals, cranes, valves, valves, fittings for pipelines, boilers and tanks by computers, etc.⁴

Comparison of the data shows that the difference in statistical data fluctuates between 8% and 27% annually.

Table 3.1.2. The Imports from Switzerland by product group

Product group	Data type	2013	2014	2015	2016	2017
Optical, photographic, cinematographic,	Kazakhstan data, thousands of dollars	24,212	21,027	16,405	14,867	36,837

⁴ <https://regnum.ru/news/2305481.html>

measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	Swiss data, thousands of dollars	12,183	9,179	6,491	5,463	8,147
	Difference %	50	56	60,4	63,2	77,8
Pharmaceutical products	Kazakhstan data, thousands of dollars	53,311	47,768	38,828	26,349	29,497
	Swiss data, thousands of dollars	58,884	85,990	78,972	53,174	71,474
	Difference %	9	44	58,8	50,4	58,7
Clocks and watches and parts thereof	Kazakhstan data, thousands of dollars	10,002	7,853	5,067	5,409	5,390
	Swiss data, thousands of dollars	25,835	28,366	22,902	18,408	17,683
	Difference %	61	72	77,8	70,6	69,5

Miscellaneous chemical products	Kazakhstan data, thousands of dollars	5,884	8,168	5,693	6,531	4,744
	Swiss data, thousands of dollars	3,709	7,130	4,908	1,513	676
	Difference %	37	12,7	13,8	76,8	85,6
Articles of iron or steel	Kazakhstan data, thousands of dollars	1,858	2,053	1,315	1,853	4,266
	Swiss data, thousands of dollars	1,556	1,097	1,533	863	1,273
	Difference %	16	46,6	14,2	53,4	70
Plastics and articles thereof	Kazakhstan data, thousands of dollars	3,046	3,660	3,212	2,528	3,206
	Swiss data, thousands of dollars	1,253	2,137	1,062	886	1,534
	Difference %	58,9	41	66,9	65	52

Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	Kazakhstan data, thousands of dollars	4,009	1,277	949	891	2,015
	Swiss data, thousands of dollars	11,802	25,002	8,640	22,088	32,968
	Difference %	66	95	89	95,7	93,8
Tobacco and manufactured tobacco substitutes	Kazakhstan data, thousands of dollars	48	0	574	523	645
	Swiss data, thousands of dollars	46	19	559	713	1,146
	Difference %	4	100	2,6	26,6	43,7
Articles of apparel and clothing accessories, not	Kazakhstan data, thousands of dollars	65	90	221	533	453

knitted or crocheted	Swiss data, thousands of dollars	902	1,486	542	604	880
	Difference %	92,7	93,4	59	11,8	53,4
Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	Kazakhstan data, thousands of dollars	195	1,987	164	266	364
	Swiss data, thousands of dollars	471	805	586	596	339
	Difference %	58,6	59	72	55,4	6,9

A mirror analysis of the statistical data showed that the products, which have become the «visiting card» of Switzerland, are included in the group of goods for which Kazakhstan understates payments by the customs authorities of Kazakhstan to 100%.

These are knitted clothes and accessories, tobacco, chemical products, precious metals and jewelry, cultured pearls, plastic and ferrous metal products, watches. It should also be noted, for the most part these are items from the expensive segment especially jewels and watches.

Table 4.1.1. The Imports from the USA

Imports from the USA to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousand dollars	2,155,554	1,993,064	1,484,349	1,276,990	1,253,451
US data, thousand dollars	1,150,149	1,008,954	510,479	1,111,379	552,092
Difference %	46,7	49,4	65,6	13	55,9

The main US imports are represented by boring machines, poultry meat, fittings, automobiles, engines, medical devices, etc.⁵.

At the same time, the volume of goods imported from the USA over the past five years tends to decrease.

Table 4.1.2. The Imports from the USA by product groups

Product group	Data type	2013	2014	2015	2016	2017
Машины, механические приборы,	Kazakhstan data, thousand dollars	516,323	577,090	569,342	498,559	404,862

⁵ http://vteme.kz/news/tovarooborota_kazakhstana_i_ssha_v_2016_godu_sostavil_1_88_mlrd_dollarov/2017-06-14-109

ядерные реакторы, котлы; их части	US data, thousand dollars	333,189	393,961	223,298	269,754	156,919
	Difference %	35,5	31,7	60,8	45,9	61
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	Kazakhstan data, thousand dollars	241,265	195,605	135,656	104,445	134,126
	US data, thousand dollars	40,088	54,123	26,162	26,631	45,103
	Difference %	83	72	80,7	74,5	66,3
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	Kazakhstan data, thousand dollars	177,811	143,627	87,545	90,260	117,146
	US data, thousand dollars	127,062	52,870	34,154	58,945	68,725
	Difference %	28,5	63	61	34,7	41,3

Miscellaneous chemical products	Kazakhstan data, thousand dollars	68,660	68,995	64,512	62,658	83,021
	US data, thousand dollars	16,554	27,433	12,903	24,358	16,219
	Difference %	75,8	60	80	61	80,5
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	Kazakhstan data, thousand dollars	224,845	194,023	67,674	51,032	82,128
	US data, thousand dollars	70,838	88,157	26,961	19,253	29,034
	Difference %	68,5	54,5	60	62,3	64,6
Articles of iron or steel	Kazakhstan data, thousand dollars	86,094	88,590	69,612	113,054	56,753
	US data, thousand dollars	13,476	18,039	19,413	26,664	13,922

	Difference %	84	79,6	72	76	75,9
Pharmaceutical products	Kazakhstan data, thousand dollars	99,232	56,361	49,358	42,344	46,869
	US data, thousand dollars	15,375	12,422	11,996	10,289	8,649
	Difference %	84,6	77,9	75,7	75,7	81,5
Rubber and articles thereof	Kazakhstan data, thousand dollars	18,161	16,614	18,769	21,717	32,058
	US data, thousand dollars	4,226	4,542	5,534	6,744	11,535
	Difference %	76,7	72,6	70,5	69	64
Aircraft, spacecraft, and parts thereof	Kazakhstan data, thousand dollars	190,443	232,411	53,481	11,961	21,213
	US data, thousand dollars	208,971	147,507	8,554	492,647	36,205

	Difference %	8,9	36,5	84	97,6	41
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	Kazakhstan data, thousand dollars	73,406	36,195	40,230	31,349	19,707
	US data, thousand dollars	74,184	58,825	15,010	1,192	17,496
	Difference %	1,04	38,5	62,7	52	23,8
Plastics and articles thereof	Kazakhstan data, thousand dollars	26,910	21,856	13,984	21,910	15,263
	US data, thousand dollars	10,502	7,224	5,560	9,087	5,270
	Difference %	61	66,9	60	58,5	65,5
Railway or tramway locomotives,	Kazakhstan data, thousand dollars	77,158	23,112	4,549	4,784	12,021

rolling stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electromechanical) traffic signalling equipment of all kinds	US data, thousand dollars	70,212	11,957	4,701	19,921	11,870
	Difference %	9	48	3,2	76	1,3
Organic chemicals	Kazakhstan data, thousand dollars	13,821	12,752	15,831	8,165	7,871
	US data, thousand dollars	5,234	2,518	2,296	4,338	3,152
	Difference %	62	80	85,5	46,8	59,9
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	Kazakhstan data, thousand dollars	11,778	14,025	11,572	7,653	7,249
	US data, thousand dollars	184	201	316	8	3,452

	Difference %	98	98,6	97	99,8	52,4
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A mirror comparison of the data showed that the Kazakh Customs service underestimated the data in the trade turnover with the United States by more than 60% for such groups as American chemical products, medicines, vehicles, ferrous metal and rubber products, mineral fuels, which again raises the question of the import of products from third countries.

Table 5.1.1. The Import from Germany

Imports from Germany to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousand dollars	2,455,185	2,314,624	1,985,982	1,443,521	1,484,116
German data, thousand dollars	2,949,831	2,356,345	1,417,232	1,256,059	1,485,837
Difference %	16,7	1,7	28,6	13	0,1

Germany leads the import of goods to Kazakhstan among the EU countries, accounting for 26.2% of all goods imported from the European Union⁶.

⁶ <https://365info.kz/2018/02/evrosoyuz-uvlichivaet-import-iz-kazahstana-infografika/>

Table 5.1.2. The Import from Germany by product groups

Product group	Data type	2013	2014	2015	2016	2017
Articles of iron or steel	Kazakhstan data, thousand dollars	120,803	139,358	615,464	251,982	95,170
	German data, thousand dollars	67,476	61,727	44,436	40,817	44,223
	Difference %	44	55,7	92,8	83,8	53,5

From Germany, Kazakhstan buys medicines, pipes, devices and devices used in medicine, surgery, dentistry and veterinary medicine, as well as machines, escalators and conveyors⁷.

Monitoring of trade showed a discrepancy in the amount of ferrous metal products purchased from Germany from 90 to 44% over the past five years.

⁷ Там же.

At the same time, the overestimation of the statistics by the Kazakh side indicates the penetration of fake products under German brands into the country.

Table 6.1.1. The Import from Poland

Import from Poland to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousands of dollars	507,910	429,328	340,546	254,317	326,685
Poland data, thousands of dollars	597,030	570,729	401,577	325,821	477,930
Difference %	15	24,7	15,2	22	31,6

In the turnover of Kazakhstan there is a dynamics of progressive increase in imported goods imported from Poland. The main group of Polish products are: apples, condensed milk, medicines, women's and children's hygiene products, cosmetics, as well as putty materials, refrigerators, escalators, bulldozers, etc.⁸

Table 6.1.2. The Import from Poland by product group

Product group	Data type	2013	2014	2015	2016	2017
Essential oils and resinoids;	Kazakhstan data, thousands of	23,928	18,587	15,845	14,183	13,837

⁸ <http://export.gov.kz/files/analytics/countryReview/references/2016/%D0%9F%D0%BE%D0%BB%D1%8C%D1%88%D0%B0%202016.pdf>

perfumery, cosmetic or toilet preparations	dollars					
	Poland data, thousands of dollars	42,425	38,214	31,082	21,788	31,214
	Difference %	43,6	51	49	34,9	55,6
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	Kazakhstan data, thousands of dollars	6,097	7,525	4,999	3,268	9,547
	Poland data, thousands of dollars	18,562	14,722	7,835	7,087	15,216
	Difference %	67	48,8	36	53,9	37,2
Articles of iron or steel	Kazakhstan data, thousands of dollars	18,208	15,678	11,350	7,204	9,441
	Poland data, thousands of dollars	29,273	44,852	20,254	12,328	14,537

	Difference %	37,7	65	44	41,6	35
Miscellaneous manufactured articles	Kazakhstan data, thousands of dollars	57,050	26,089	17,034	12,385	7,974
	Poland data, thousands of dollars	36,222	16,004	10,243	9,289	18,322
	Difference %	36,5	38,6	39,9	25	56,5
Paper and paperboard; articles of paper pulp, of paper or of paperboard	Kazakhstan data, thousands of dollars	5,367	3,638	3,181	3,447	5,029
	Poland data, thousands of dollars	13,702	10,557	11,109	10,400	8,265
	Difference %	60,8	65,5	71,4	66,9	39
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps	Kazakhstan data, thousands of dollars	12,417	9,198	9,671	4,562	4,447
	Poland data, thousands of dollars	10,547	11,184	8,719	5,555	12,536

and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	Difference %	15	17,7	9,8	17,9	64,5
Miscellaneous edible preparations	Kazakhstan data, thousands of dollars	2,530	3,789	3,484	3,443	3,096
	Poland data, thousands of dollars	6,708	8,203	6,078	5,816	4,587
	Difference %	62	53,8	42,7	40,8	32,5

The main products for which the data comparison showed a data gap of over 60% are ferrous metal products, industrial machinery, and Polish furniture.

Table 7.1.1. The Import from Pakistan

Import from Pakistan to Kazakhstan	2013	2014	2015	2016	2017
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Kazakhstan data, thousands of dollars	40,219	30,730	32,895	22,891	22,881
Pakistani data, thousands of dollars.	5,416	6,652	12,844	24,529	70,441
Difference %	86,5	78	61	6,7	67,5

The basis of Pakistani exports to Kazakhstan are precious stones and jewelry, textiles, chemical and pharmaceutical products, agricultural and food products, leather goods, sports and medical products⁹.

Table 7.1.2. The Imports from Pakistan by product group

Product group	Data type	2013	2014	2015	2016	2017
Edible fruit and nuts; peel of citrus fruit or melons	Kazakhstan data, thousands of dollars	16,955	12,400	11,758	11,424	8,685
	Pakistani data, thousands of dollars.	104	371	2	8	2,864

⁹ <http://mfa.gov.kz/ru/islamabad/content-view/economic-cooperation>

	Difference %	99	97	99	99	67
Pharmaceutical products	Kazakhstan data, thousands of dollars	6,951	6,725	4,740	5,976	4,645
	Pakistani data, thousands of dollars.	1,442	2,350	2,485	3,432	2,645
	Difference %	79	65	47,6	42,5	43
Articles of apparel and clothing accessories, not knitted or crocheted	Kazakhstan data, thousands of dollars	1,872	2,798	2,719	1,996	2,783
	Pakistani data, thousands of dollars.	45	232	109	50	458
	Difference %	97	91	95,9	97,5	83,5
Articles of apparel and clothing accessories,	Kazakhstan data, thousands of dollars	870	1,257	1,051	1,258	1,692

knitted or crocheted	Pakistani data, thousands of dollars.	35	24	33	56	68
	Difference %	95,9	98	96,9	95,5	96
Edible vegetables and certain roots and tubers	Kazakhstan data, thousands of dollars	9,065	3,149	9,291	194	1,552
	Pakistani data, thousands of dollars.	0	0	0	0	39
	Difference %	100	100	100	100	97,5

The difference in statistical data on groups of goods imported to Kazakhstan from Pakistan over the past five years is almost 100%. There are applies to fruits, vegetables, citrus fruits, as well as clothing and jewelry of Pakistani origin.

Table 8.1.1. The Imports from the UK

Imports from the UK to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousand dollars	619,258	578,863	402,821	372,389	358,972

UK data, thousand dollars	804,737	591,658	512,539	335,249	296,266
Difference %	23	2	21	10	17

Over the past five years, there has been a decrease in trade turnover between Kazakhstan and the UK. At the same time, England, Kazakhstan buys mainly prefabricated building structures, valves for pipelines, turbojet engines, medicines and liquid pumps.¹⁰

Table 8.1.2. The Imports from the UK by product group

Product group	Data type	2013	2014	2015	2016	2017
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and	Kazakhstan data, thousand dollars	56,532	93,196	71,131	49,080	37,162
	UK data, thousand dollars	55,436	47,921	37,072	37,069	42,892
	Difference %	1,9	48,5	47,8	24,5	16,5

¹⁰

<http://export.gov.kz/files/analytics/countryReview/references/2016/%D0%92%D0%B5%D0%BB%D0%B8%D0%BA%D0%BE%D0%B1%D1%80%D0%B8%D1%82%D0%B0%D0%BD%D0%B8%D1%8F%202016.pdf>

accessories of such articles						
Articles of iron or steel	Kazakhstan data, thousand dollars	47,054	53,255	41,202	51,301	34,610
	UK data, thousand dollars	31,417	39,049	22,725	27,865	30,056
	Difference %	33	26,7	44,8	45,7	13
Miscellaneous chemical products	Kazakhstan data, thousand dollars	25,940	18,011	14,848	12,176	19,362
	UK data, thousand dollars	18,506	12,323	8,937	6,875	9,946
	Difference %	28,6	30,6	39,8	43,5	48,6
Pharmaceutical products	Kazakhstan data, thousand dollars	40,588	25,712	23,859	13,556	16,840

	UK data, thousand dollars	45,940	45,422	55,804	26,532	23,071
	Difference %	11,6	43	57	48,9	37
Plastics and articles thereof	Kazakhstan data, thousand dollars	13,599	16,356	11,015	12,996	16,070
	UK data, thousand dollars	7,817	10,636	6,170	5,855	9,266
	Difference %	42,5	35	44	55	42
Beverages, spirits and vinegar	Kazakhstan data, thousand dollars	22,619	19,714	11,733	11,291	11,639
	UK data, thousand dollars	1,254	1,439	1,817	1,060	989
	Difference %	94	92,7	84,5	90,6	91,5

Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	Kazakhstan data, thousand dollars	121,272	49,762	6,854	6,525	10,962
	UK data, thousand dollars	81,879	43,971	2,315	4,166	3,219
	Difference %	32,5	11,6	66	36	70,6
Rubber and articles thereof	Kazakhstan data, thousand dollars	4,916	4,679	4,385	5,094	4,326
	UK data, thousand dollars	1,356	1,959	1,229	2,532	2,938
	Difference %	72	58	72	50	32
Works of art, collectors' pieces and antiques	Kazakhstan data, thousand dollars	801	123	25	15	4,055
	UK data, thousand dollars	11,932	6,579	3,773	6,590	2,747

	Difference %	93	98	99	99,8	32
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	Kazakhstan data, thousand dollars	2,945	2,242	1,605	987	2,620
	UK data, thousand dollars	404	376	342	350	1,052
	Difference %	86	83	78,7	64,5	59,8

Comparison of turnover showed the difference at the level of over 80% on English alcohol, automobile, rubber products, art objects and second-hand clothes.

Table 9.1.1. The Imports from South Korea

Import from South Korea to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousands of dollars	1,265,143	1,066,994	607,047	453,126	567,499
South Korea data, thousands of dollars	1,074,811	906,148	454,696	364,234	532,740

Difference %	15	15	25	19,6	6
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South Korea is one of the main Asian trading partners of Kazakhstan. According to the statistics Committee from South Korea, Kazakhstan buys equipment, car bodies, steam boilers, wires and cables.

Table 9.1.2. The Imports from South Korea by product group

Product group	Data type	2013	2014	2015	2016	2017
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	Kazakhstan data, thousands of dollars	274,709	182,011	141,992	124,741	117,427
	South Korea data, thousands of dollars	163,181	114,599	100,393	49,706	87,034
	Difference %	40,6	37	29	60	26
Optical, photographic, cinematographic, measuring, checking, precision, medical	Kazakhstan data, thousands of dollars	27,691	32,673	17,763	29,343	28,861

or surgical instruments and apparatus; parts and accessories thereof	South Korea data, thousands of dollars	59,857	56,019	42,348	19,737	29,121
	Difference %	53,7	41,7	58	32,7	0,9
Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs,	Kazakhstan data, thousands of dollars	15,829	23,414	24,278	18,697	15,210
	South Korea data, thousands of dollars	10,473	20,596	18,825	16,256	7,833

illuminated nameplates and the like; prefabricated buildings	Difference %	33,8	12	22	13	48,5
Organic Chemicals	Kazakhstan data, thousands of dollars	6,703	6,533	2,460	6,407	8,313
	South Korea data, thousands of dollars	3,055	2,010	1,373	2,089	2,132
	Difference %	54	69	44	67	74
Aluminium and articles thereof	Kazakhstan data, thousands of dollars	2,695	3,977	2,185	2,522	6,973
	South Korea data, thousands of dollars	1,132	2,354	1,164	4,027	2,661
	Difference %	57,9	40,8	46,7	37,4	61,8
Miscellaneous edible	Kazakhstan data, thousands of dollars	9,309	6,908	5,065	4,673	6,336

preparations	South Korea data, thousands of dollars	17,977	14,051	10,112	8,297	11,569
	Difference %	48	50,8	49,9	43,7	45
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	Kazakhstan data, thousands of dollars	1,519	2,429	2,692	2,736	4,267
	South Korea data, thousands of dollars	3,658	6,060	10,714	9,525	11,937
	Difference %	58,5	60	74,9	71	64
Miscellaneous chemical products	Kazakhstan data, thousands of dollars	4,559	7,476	4,545	3,882	3,928
	South Korea data, thousands of dollars	2,710	4,177	3,219	35,926	10,309
	Difference %	40,5	44	29	89,2	61,9
Preparations of cereals, flour, starch or milk; pastrycooks'	Kazakhstan data, thousands of dollars	1,013	1,427	1,287	1,237	2,000
	South Korea data, thousands of	2,941	4,572	4,370	3,529	5,349

products	dollars					
	Difference %	65,5	68,8	70,5	65	62

The mirror comparison of statistical data shows a steady trend towards the understatement of the volume of the following South Korean imported goods by more than 60% by the customs authorities of Kazakhstan.

These are aluminum products, perfumes and cosmetics, organic and inorganic chemistry, confectionery products.

Table 10.1.1. The Import from Japan

Imports from Japan to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousand dollars	1,078,451	924,773	584,519	552,884	413,941
Japanese data, thousand dollars	697,484	662,406	240,411	190,563	274,191
Difference %	35	28	58,8	65,5	33,8

Since 2014, there has been a decrease in the share of Japanese imports to Kazakhstan. By 2018, it had decreased by almost a quarter.

At the same time, from Japan imported mainly products of the automotive industry and machinery: cars, bulldozers, graders and other special vehicles, medical devices, trucks, as well as tires and tires¹¹.

Table 10.1.2. The Import from Japan by group of products

Product group	Data type	2013	2014	2015	2016	2017
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	Kazakhstan data, thousand dollars	160,046	139,614	116,155	60,346	104,776
	Japanese data, thousand dollars	69,259	76,890	61,887	18,546	46,301
	Difference %	56,7	44,9	46,7	69	55,8
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	Kazakhstan data, thousand dollars	47,332	50,113	33,102	23,408	38,409
	Japanese data, thousand dollars	6,096	6,064	2,736	1,637	1,840

¹¹ <https://informburo.kz/novosti/eksport-produkcii-rk-v-yaponiyu-vyros-v-poltora-raza-import-sokratilsya-na-chetvert.html>

	Difference %	87	87,9	91,7	93	95
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	Kazakhstan data, thousand dollars	27,616	17,166	69,240	10,231	13,684
	Japanese data, thousand dollars	3,383	4,088	2,255	1,022	827
	Difference %	87,7	76	96,7	90	94
Iron and steel	Kazakhstan data, thousand dollars	111,024	67,314	164,589	257,195	11,632
	Japanese data, thousand dollars	110,406	79,877	32,455	1,139	7,102

	Difference %	0,5	15,7	80	99,5	38,9
Miscellaneous chemical products	Kazakhstan data, thousand dollars	2,594	5,542	2,235	2,473	5,012
	Japanese data, thousand dollars	1,622	1,634	1,239	993	1,250
	Difference %	37	70,5	44,5	59,8	75
Plastics and articles thereof	Kazakhstan data, thousand dollars	2,868	3,043	2,768	1,200	3,327
	Japanese data, thousand dollars	465	1,425	266	365	1,463
	Difference %	83,7	53	90	69,5	56
Pharmaceutical products	Kazakhstan data, thousand dollars	2,572	4,556	3,350	2,578	2,581
	Japanese data, thousand dollars	858	269	460	372	450
	Difference %	66,6	94	86	85,6	82,5

Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	Kazakhstan data, thousand dollars	822	369	777	848	877
	Japanese data, thousand dollars	221	209	315	167	333
	Difference %	73	43	59	80	62
Miscellaneous edible preparations	Kazakhstan data, thousand dollars	19	8	7	4	642
	Japanese data, thousand dollars	96	4	26	6	593
	Difference %	80	50	73	33,3	7,6
Glass and glassware	Kazakhstan data, thousand dollars	724	848	795	571	548

	Japanese data, thousand dollars	61	232	320	189	145
	Difference %	91,6	72,6	59	66	73,5
Paper and paperboard; articles of paper pulp, of paper or of paperboard	Kazakhstan data, thousand dollars	1,573	1,338	1,215	504	439
	Japanese data, thousand dollars	510	724	474	169	95
	Difference %	67,6	45,8	60	66	78

A detailed comparison of trade data with Japan showed a difference of over 60% for such groups of goods as electric machines, optical and photographic machines, machinery, ferrous metal and glass products, chemical products, paper and cardboard, as well as edible products.

At the same time, the overstatement of statistics by the Kazakh side indicates the import of counterfeit products under Japanese brands.

Analysis of the results of customs statistics comparison

Mirror comparison of statistical data of trade turnover of Kazakhstan with 10 countries outside the EAEU for the period 2013-2017 showed the following.

Most often, the underestimation observed in data with countries such as:

1. **China** customs services of Kazakhstan underestimate the statistical data by more than 50% for 11 groups of goods.
2. **The Italian** customs service underestimates statistical data on trade with Kazakhstan for 11 groups of goods by more than 50%.
3. **Switzerland's** imports are undervalued by the customs authorities of both countries. Thus, the Kazakh customs understatement is recorded for 4 groups of goods, Swiss for 6 groups of goods, which also indicates the penetration of the share of counterfeit products under Swiss brands in Kazakhstan.
4. **USA** customs Services in their reports provide reporting data, which is less by 50% for 11 groups of goods exported to Kazakhstan. The customs of Kazakhstan for 5 years underestimates the data on imports of one group of goods from the United States by more than 50%.
5. Customs authorities in **Germany** say that they are imported to Kazakhstan for less than half of the ferrous metal than they are fixed by the Kazakhstan customs service.
6. Imports of **Polish** goods are understated by the customs authorities of both countries. Thus, the Kazakh customs on 6 groups of goods recorded 50% less production. In turn, Poland notes that imports to Kazakhstan by 50% less than one group of goods.
7. **Pakistan** customs declares 80-100% less goods exported to Kazakhstan than the receiving party.
8. Customs in the **UK** for eight groups of commodities represent the data in two times less than the fixed Kazakhstan customs services, which reflects the high proportion of imitations of the English brands.
9. For three groups of goods from **South Korea**, Kazakhstan understates its reporting data by more than 50%. At the same time, the South Korean customs authorities for 5 groups of goods recorded a smaller volume of exports than the host country of Kazakhstan.

10. Japan in its reports underestimates the volume of exported goods in 10 groups.

The greatest number of inconsistencies in the statistical countries is observed for such groups of goods as ferrous metal products, pharmaceutical products, chemical products, plastic products.

Below are 6 countries-for three of them customs data on imports are understated, for the other three are overstated.

In the first case, the problem is probably smuggling, in the second case, counterfeiting is possible.

But in any case, the difference goes to billions of US dollars, which is a significant problem for the country's budget.

Statistics on countries whose imports are understated

The Import from China, Switzerland and Poland to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousands of dollars	8 434 500	7 969 275	5 557 826	4 030 015	5 158 402
The data of the countries-exporters to Kazakhstan	12 815 214	13 516 165	9 015 230	8 768 817	11 698 734
The difference of thousands of dollars	4 380 714	5 546 890	3 457 404	4 738 802	6 540 332

Statistics by country, what import is overstated

The Import from Italy, USA and Japan to Kazakhstan	2013	2014	2015	2016	2017
Kazakhstan data, thousands of dollars	4 270 608	3 957 220	3 245 017	2 665 207	2 613 727
The data of the countries-exporters to Kazakhstan	2 816 552	2 606 937	1 613 564	2 233 889	1 535 991
The difference of thousands of dollars	-1 454 056	-1 350 283	-1 631 453	-431 318	-1 077 736

Summary

The comparison of customs statistics showed differences in the statistics of Kazakhstan's foreign trade with the countries of Asia, the USA and Europe.

The discrepancy of more than 50% indicates the presence in the customs authorities of Kazakhstan of the following signs of corruption as extortion and bribery in order to avoid taxes and tariffs through understatement of exports and excessive invoicing for imported products, as well as the supply of counterfeit goods.

Recommendations

The state authorities of Kazakhstan are recommended to take measures to eliminate corruption schemes in the activities of the customs authorities of Kazakhstan.

These measures should include:

1. Verification of customs documentation with representatives of the customs service of the partner country. Perhaps it is necessary to arrange such a reconciliation annually. Pay special attention to groups of products with high risk.
2. Check the country of origin for products from countries where the import is lower than the Kazakhstan data.
3. It is necessary to raise the question in the whole of the EAEU on how to verify the data and monitor the counterfeit, as the distribution of customs duties comes from the general Fund.

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