

Kazakh Growth Dragged Down by Russia's Economic Slump

By [The Moscow Times](#)

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Alikhan Smailov is hopeful the second half of 2014 will bring better results.

ASTANA — Kazakhstan's economic growth eased in the first half of this year, hit by a slowdown in key partner Russia and a drop in oil and non-ferrous metal production, the country's statistics agency said Tuesday.

Gross domestic product grew 3.9 percent in January-June year-on-year, compared with a 5.1 percent rise in the same period last year, State Statistics Agency head Alikhan Smailov said, citing preliminary data.

Central Asia's largest economy, Kazakhstan, is officially targeting GDP growth of 6 percent this year, the same as last year and up from 5 percent in 2012.

Smailov said the slower GDP growth was largely due to a decrease in industrial output. Statistics published last week showed Kazakhstan's industrial production had shrunk by 0.4

percent in January-June year-on-year.

"In its turn, this [drop in industrial output] is caused by two factors. First, it's an economic slowdown in our main trade partner Russia," Smailov told a news conference.

The second factor was a drop in oil output and a plunge in non-ferrous metal production.

Russia's economy will grow just 0.2 percent this year, according to the International Monetary Fund, as sanctions imposed following Russia's involvement in Ukraine have brought growth to a standstill and hit investment.

In May, the presidents of Russia, Kazakhstan and Belarus signed a treaty to create a vast trading bloc that they hope will challenge the economic might of the United States, the European Union and China.

The new trading bloc, the Eurasian Economic Union, will come into force on Jan. 1, 2015. Some critics see it as an attempt by Russian President Vladimir Putin to resurrect the former Soviet Union as much as possible.

Kazakhstan, a nation of 17 million, is a major exporter of oil and non-ferrous metals. Production fell in both sectors in the first half of the year due to repair works but should pick up in the second half, Smailov said.

Tengizchevroil, the country's largest oil producer and 50 percent owned by Chevron, stopped production for repair works, while London-listed Kazakh copper miner Kazakhmys

recently halted output for repairs at its largest smelter in the city of Zhezkazgan, he said.

"These two largest companies cut output ... but those were planned stoppages," Smailov said. "I believe the tempo of [GDP] growth is yet to pick up before the end of the year."

Kazakhstan's oil output shrank 1.6 percent in the first six months of this year, compared with a year earlier, while production of non-ferrous metals fell 13.5 percent in the same period, official statistics showed last week.

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