

Kazakhstan

Capital: Astana
Population: 15,217,711 (2006 estimate)
GDP:* 161,155\$ billion (2007 estimate)
Currency: Tenge
Language: Kazakh



Summary

Kazakhstan's car market has been rapidly growing since the country's independence and currently presents good sales opportunities for U.S. suppliers of used and new cars and service equipment. Car supplies from the U.S. grew sharply in 2007 due to the introduction of new legislation banning imports of right-hand drive cars from Japan and the strengthening of the Euro relative to the dollar.

Current Market Trends

The passenger car market has been rapidly growing since the independence of Kazakhstan. After years of uneven growth ranging between 20-60% a year, the market totaled 2.6 million vehicles in 2007. According to the Road Police Department under the Ministry of Interior Affairs, the number of vehicles on Kazakhstan's roads is projected to increase to 4.5 million vehicles by 2012.

In 2007, Kazakhstan imported 310,000 passenger cars, including over 31,000 new cars sold through official dealers. This represents a 53% increase in the new car market from 2006, when official dealers sold 20,000 cars. Official dealers expect only moderate market growth in 2008, up to 35,000-40,000 cars, as a result of the ongoing liquidity crisis in Kazakhstan. Also, the sales process will change slightly, as clients that use to purchase high-end expensive cars will partially move to the mid-priced automotive segment.

In addition, Kazakhstan's market is now much better protected against gray market dealers who reportedly sold less than 7,000 new cars in 2007, which represents a great improvement from previous years when the gray market accounted for 70% of all sales of new cars. Official dealers have expanded their distribution and showroom network and upgraded service facilities, and now Kazakhstani buyers tend to choose official dealers over the gray market.

Used cars account for almost 90% of current imports, with 70% of cars older than seven years. Kazakhstan has recently banned imports of cars older than ten years and there are expectations that the import regime will be further tightened and imports of cars over seven years old will be limited (but no official announcements have yet been made).

Market Entry

New-to-market suppliers interested in the market should find capable agents or distributors who are knowledgeable about both importing and distribution. Local dealers have expressed interest and a willingness to act as agents and/or distributors for American exporters of used and new cars. However, they note that a potential U.S. supplier must be competitive to succeed in this market.

Main Competitors

Until 2001, most cars were imported from Russia and Germany. From 2002-2006, new and used cars from Japan made up the majority of imports. While traffic moves on the right-hand side of the road, there were no laws against vehicles with right-mounted steering wheels, so used Japanese cars with right-hand steering were very popular with Kazakhstani buyers. In January 2007, Kazakhstan banned imports of vehicles with right-mounted steering wheels, though previously imported right-wheeled cars can be used without limits. Currently most car imports come from the U.S., Germany, Eastern Europe and the UAE.

Main Competitors (continued)

Currently, the top ten best selling brands in Kazakhstan include Toyota, Mazda, Daewoo, Nissan, Volkswagen, Ford, Opel, Audi, BMW, and Mercedes-Benz. Car dealers note a sharp decrease in sales of BMWs and Mercedes-Benz as a result of the growing Euro-dollar disparity.

There are 11 official dealers representing over 40 car brands in Kazakhstan. The key players are Astana Motors with 33% market share, Mercur Auto with 28% share, Toyota Center Zhetysu with 20%, and Bibek Auto with 8%.

Astana Motors represents seven brands, including Toyota, Hyundai, Subaru, Mitsubishi, Honda and BMW. Mercur Auto represents over ten brands, including UzDaewoo, VW, Ford, Audi, Volvo, Porsche, and Land Rover. Toyota Center Zhetysu – Toyota and Bipek Auto – Russian-made cars and locally assembled Chevy Niva, Scoda, and Chevrolet.

Current Demand

Automobile dealers are seeking to diversify and expand models represented, and have expressed growing interest in dealing U.S.-manufactured cars. The strengthening of the Euro relative to the dollar has created more favorable conditions to introduce new U.S. brands in Kazakhstan. Currently, the U.S. brands actively represented by official dealers are Chrysler-Jeep-Dodge (from a VA-based dealer) and Ford. There is a limited number of GM vehicles (including Hummers) sold through the gray market, and likewise various models of Cadillac can be seen on the streets (the Escalade being the most popular). From discussions with Kazakhstani dealers, there may be many others companies authorized to sell in Kazakhstan, but which do not have the resources or interest to do so.

Trade Events

Trade Promotion Opportunities Auto World Astana 2008

April 24-26, 2008, Astana

<http://www.autoworld.kz/en/2008/>

Transit Kazakhstan 2008

May 28–29, 2008, Astana

<http://www.exhibitions.kz>

Auto Show 2008

October 23-26, 2008, Almaty.

Type: The largest event in Kazakhstan's car market.

<http://www.exhibitions.kz>



Available Market Research

Kazakhstan: Car Market Overview (Apr 2008)

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