

Trade Fair and B&R Initiative-Based Market Exploring: A Perspective of Kazakhstan

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Abstract. Under “the Silk Road Economic Belt and the 21st-Century Maritime Silk Road”(B&R) initiative, this paper analyses Kazakhstan’s industry structure, import-export commodities from and to China through categories and HHI index. Studies indicate that Kazakhstan has comparative advantageous industries such as oil and gas, mineral resources exploitation and primary processing, wheat and cotton production, etc. Kazakhstan’s competitive disadvantageous industries are transportation infrastructure, power infrastructure and manufacturing. Industries between China and Kazakhstan are highly complementary, so the two countries have foundation and conditions for industrial cooperation. Trade fair functions and how it works as the marketing tool and the platform to help the Chinese enterprise explore the emerging market is also discussed in the paper.

Introduction

Jointly building the Silk Road Economic Belt and the 21st-century Maritime Silk Road is to promote regional economic cooperation, strengthen cultural exchanges, promote world peace and development, and benefit the world. There are three main features of “the Belt and Road”, namely comprehensive effect, project first and domestic development linkage.[3] Under B&R initiative, trade fair has been given the responsibilities to promote cross-regional cross-border cross-continental policy integration facilities interconnection economic cooperation and cultural communication .

Kazakhstan is China’s important neighboring country, located in the core area of “the Silk Road Economic Belt”, which is capable of playing an important role in jointly building “the Silk Road Economic Belt”. Furthermore, China is an important priority nation in Kazakhstan’s foreign policy and its important cooperative partner.[1] An analysis of Kazakhstan’s new economy policy of “Bright Avenue” and relevant development strategies indicates that there is a great consensus between China and Kazakhstan on their respective foreign policies, development goals and implementation strategies, so that a comprehensive cooperation can be carried out to realize a mutually beneficial win-win success.

Industry Structure of Kazakhstan

Kazakhstan is a Late-development industrial country, the third industry share of GDP is higher than that of the second industry, but the total volume of GDP is much less than the numerous coastal countries.

Kazakhstan's first industry in GDP is low, but the types of agricultural and sideline products has distinguishing feature. Unfortunately, however, Kazakhstan’s exports of agricultural and sideline products are mainly low value-added, In the process of international trade, food processing industry holds an important place. Yet, Kazakhstan has no large-scale food processing equipment, so complete sets of mechanical manufacturing and electronic machinery need to be imported. Kazakhstan main imports to China's are plastic, rubber, textiles and raw materials such as primary manufactured goods.[2] So the rubber plastic manufacturing and textiles industrial enterprise has the opportunity to enter into the market of Kazakhstan.[1] Kazakhstan’s Industry Structure and its

Share of GDP is shown in Table 1.

Table 1 Kazakhstan’s Industry Structure and its Share of GDP

Year	Primary Industry Output Value	Share of GDP	Secondary Industry Output Value	Share of GDP	Tertiary Industry Output Value	Share of GDP
2010	97.8	6.7	797.90	54.3	871	39.0
2011	154.0	8.3	1068.0	57.4	640.00	34.3
2012	150.91	7.5	1114.50	55.3	751.19	37.2
2013	160.00	7.3	1196.30	54.3	846.70	38.4
2014	135.60	5.9	999.30	43.5	1162.80	50.6

Source: Ministry of Commerce of the People’s Republic of China

Top Exports and Imports of Kazakhstan

According to the report from Ministry of Commerce of the People’s Republic of China , Kazakhstan is the 48th largest export economy in the world and the 52nd most complex economy according to the Economic Complexity Index (ECI). In 2014, Kazakhstan exported \$68.3B and imported \$42.2B, resulting in a positive trade balance of \$26.1B. In 2014 the GDP of Kazakhstan was \$217B and its GDP per capita was \$24.2k. The top exports of Kazakhstan are Crude Petroleum (\$39.7B), Refined Petroleum (\$3.6B), Petroleum Gas (\$3.51B), Radioactive Chemicals (\$2.26B) and Refined Copper (\$1.99B), using the 1992 revision of the HS (Harmonized System) classification. Its top imports are Cars (\$2.32B), Refined Petroleum (\$1.49B), Packaged Medicaments (\$1.1B), Planes, Helicopters, and/or Spacecraft (\$842M) and Computers(\$682M).[7] Kazakhstan’s five categories of export and import Commodities to and from China between January to June,2016 is shown in Table 2 and Table 3. HHI Index of the Major Export & export Commodity in Kazakhstan is shown in Fig.1 and Fig.2.

Table 2 Kazakhstan’s Five Categories of Export Commodities to China between January to June,2016

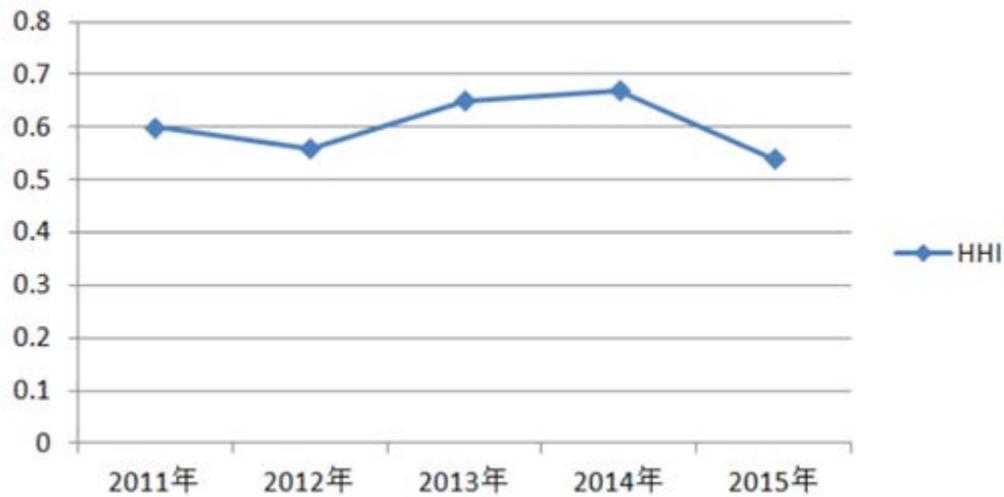
Category	Sum Million Dollar	Percentage %
HS25-27: mineral	652	6.4
HS72-83: Base metal and product	818	33.6
HS28-38: chemical product	486	48.7
HS06-14: plant product	55	7.9
HS71: precious metal and product	1	0.3

Source: Ministry of Commerce of the People’s Republic of China

Table 3 Kazakhstan’s Five Categories of Import Commodities from China between January to June,2016

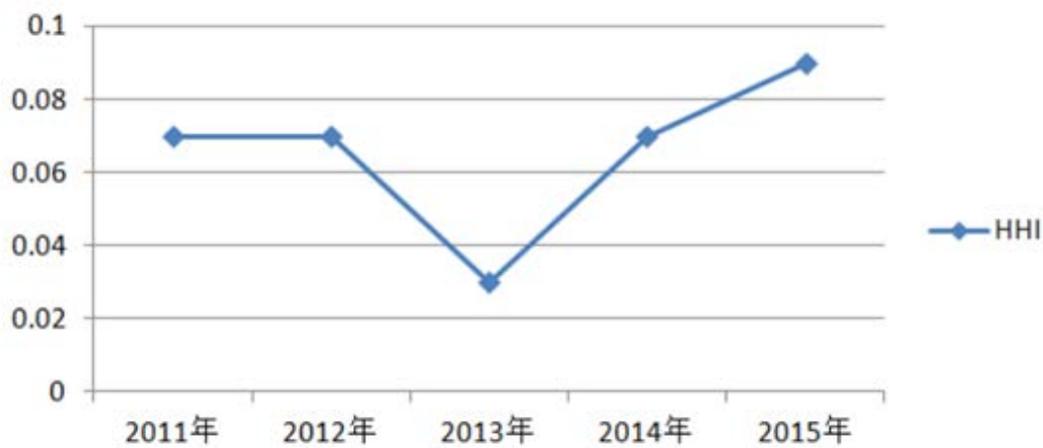
Category	Sum(million Dollar)	Percentage %
HS84-85: mechanical and electrical product	695	28.6
HS72-83: Base metal and product	219	20
HS28-38: chemical product	90	10.8
HS86-89: transportation equipment	70	14.6
HS06-14: plant product	39	9.8

Source: Ministry of Commerce of the People’s Republic of China



Source : website of Ministry of Commerce of the People's Republic of China

Fig.1 HHI Index of the Major Export Commodity in Kazakhstan



Source : website of Ministry of Commerce of the People's Republic of China

Fig.2 HHI Index of the Major Import Commodity in Kazakhstan

Discussion

The basic functions of every fair or exhibition is to join supply and demand, provide information, and show technical trends and developments, all in one time and in one place, using face-to-face communication. Fairs and exhibitions are a unique opportunity for achieving trade objectives, because they are the most efficient way to reach a complete market audience and do business all in one shot. Fairs and exhibitions are also an indicator of economic and market trends, because they reflect market procedures, types and scopes of market changes, as well as directions and speed of future developments. Fairs & exhibitions are more than just a marketing tool, they are an entire market place. The function of fairs to serve as a place for personal contacts and face-to-face communication will remain of fundamental importance in the times of increasing use of telecommunication means, new media, and Internet.[4]

Recognition the function of trade fair. Trade fair is the marking tool and platform to connect the demand and supply. The exhibition is a platform of cooperation and communication. In the process of organizing the trade fair, the organizers can take the industry chains together. Exhibitors can not only promote their products and services, but also can find a large number of upstream and downstream enterprises, make trade partner by attending the trade fair. At the same time, the concurrent events like forums and seminars provide more net working opportunities for professionals, scholars and practitioners to exchange opinions.[5]

Recognition of the importance of infrastructure facilities. Venues are the fundamental for the

domestic and international trade fair. Atakent Exhibition Centre in Kazakhstan was founded in 1992, 40-50 large-scale international exhibition can be held every year and receive the recognition and favor of the large well-known enterprises from home and abroad The exhibition center is located in the capital of Kazakhstan and it is Kazakhstan’s largest exhibition hall, there are more than five exhibition hall and several conference rooms in line with the international standard, a total exhibition area is 12,800 square meters.[6] The Exhibition center held the most influential exhibitions include: Kazakhstan national building exhibition(spring and autumn), oil and gas shows, food industry fair, mining fair, Kazakhstan international logistics fair, furniture and interior decoration and design exhibition, etc. Trade fair and facilities in Kazakhstan is shown in Table 4.

Table 4 Trade fair and facilities in Kazakhstan

Name of the Trade Fair	Venue	Frequency	Type
Clothing, Fashion Accessories and Footwear Fair	Atakent Exhibition Centre	Once a year	B to C show
International Engineering Construction Exhibition in Almaty	Atakent Exhibition Centre	Once a year	Trade fair
Astana International Agriculture and Animal Husbandry Exhibition	Atakent Exhibition Centre	Once a year	Trade fair
HOMELIFE	Atakent Exhibition Centre	Once a year	B to B show

Source: China's Ambassador to the Office of Commercial Counselor of Kazakhstan

Marketing and attracting the exhibitors to attend the trade fair are the vital factors to the success of economic cooperation. Attract and organize the Chinese enterprises to take part in the outbound exhibition in Kazakhstan and display their products and service in the modern processing industry like cotton textile , agricultural. Attract the enterprise of Kazakhstan in attend the trade fair held in China in the field of mineral , base metal , chemical product ,plant product and precious metal.[5]

Conclusion

“The Belt and Road” initiative is a strategy launched by Chinese government for opening up in the new era, which focuses on the communication in policy, infrastructure, trade, capital and person in the region. China should treasure the opportunity to participate in the communication and cooperation promoted by “the Belt and Road” initiative and try to make win-win deals for all partners. Trade fairs are market events of a specific duration, held at intervals, at which a large number of companies present the main product range of one or more industry sectors and mainly sell it on the basis of samples. Trade Fairs predominantly attract trade and business visitors. As part of the marketing-mix, the participation in a fair/exhibition is by far the most valuable tool. Considering the presentation of the full product/service range of a company, combined with the personal contacts with the clients and prospects, no other marketing instrument is more efficient than a trade fair participation.

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