PRESS RELEASE

Kazakhstan needs to streamline its foreign investment regime, improve its investment climate and promote responsible business conduct, says OECD report

Astana, Kazakhstan, 15 March 2012 – Kazakhstan needs to streamline its foreign investment regime, improve its investment climate and promote responsible business conduct in order to attract more foreign direct investment (FDI) and help diversify its economy, according to a new OECD report.

The *OECD Investment Policy Reviews: Kazakhstan* confirms that reforms undertaken since independence have contributed to Kazakhstan's sustained economic growth, for example, by reducing bureaucratic obstacles for investors and allowing the free repatriation of profits.

However, the report states that "attracting FDI in non-extractive sectors will require more than just eliminating red tape". On the OECD FDI Regulatory Restrictiveness Index, Kazakhstan stands as the twelfth most restrictive country out of the 51 countries in the sample. A number of sector-specific restrictions still apply: "equity restrictions in banking and insurance have been removed over the past decade but branching restrictions still apply. Other restrictions include ...a prohibition on the ownership of agricultural land and forestry by foreign-established enterprises".

To address the country's challenges in attracting FDI, the report recommends that policy makers focus on three key priorities:

- Streamlining Kazakhstan's foreign investment regime, notably by adopting international practice on security-related investments and improving access to land for foreigners
- Improving the general investment climate, including through reforms to the corporate governance of state-owned enterprises, increased private participation in infrastructure and easier access to finance for SMEs
- Developing a comprehensive policy for promoting responsible business conduct and ensuring due diligence for responsible mineral supply chains

This report was prepared by the OECD Investment Policy Division and was co-funded by the European Union and the United Kingdom Foreign and Commonwealth Office. It was undertaken as part of the Sector Competitiveness Strategy for Kazakhstan project of the OECD Eurasia Competitiveness Programme. The release event was organised by the OECD Eurasia Competitiveness Programme, with participation of keynote speakers from the European Union, the United Kingdom and the Government of Kazakhstan.

The project is co-financed by the European Union

The project is co-financed by the United Kingdom Foreign and Commonwealth Office

CONTACT:

For more information on the *OECD Investment Policy Reviews: Kazakhstan* publication, please contact **Mr. Stephen Thomsen**, Head, Investment Policy Reviews, OECD Investment Division, stephen.thomsen@oecd.org.

For more information on the Kazakhstan Sector Competitiveness project, please contact **Mr. Antonio Somma**, Acting Head of the OECD Eurasia Competitiveness Programme, antonio.somma@oecd.org, +33 6 2342 5146, or **Ms. Vanessa Vallee**, Communications Manager, vanessa.vallee@oecd.org +33 6 2856 0610.

The **Eurasia Competitiveness Programme** of the **Organisation for Economic Co-operation and Development (OECD)** was launched in 2008 to help improve the region's business climate and achieve sustainable economic growth and employment through national and regional initiatives, with the support of OECD investment instruments and mechanisms. It includes seven countries from Central Asia (Afghanistan, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, and Uzbekistan) and six countries from Eastern Europe and the South Caucasus (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine).

The project is co-financed by the European Union

The project is co-financed by the United Kingdom Foreign and Commonwealth Office

Foreign & Commonwealth Office