

## Intellectual Property Policies for Innovation in Kazakhstan

Kazakhstan aims to position itself within the top 30 global economies by 2050 by building a diversified, innovation-based economy. Kazakhstan recognises innovation as crucial for it to reach this objective. **How can intellectual property (IP) policy help support innovation in Kazakhstan?** The publication *Boosting Kazakhstan's National Intellectual Property System for Innovation* assesses Kazakhstan's IP system and provides detailed **policy recommendations**: improvement of the inter-governmental co-ordination of IP policy; consolidation of commercialisation support services for researchers and support of the private sector's use of IP are critical.

The publication is based on the general framework developed in the publication *National Intellectual Property Systems, Innovation and Economic Development*.



### Kazakhstan's socioeconomic and innovation context

**Kazakhstan is an upper-middle-income country.** GDP per capita reached USD 12 600 in 2014 (at current prices). The economy has grown at an average rate of 7.7% per year between 2000 and 2014. Growth was mainly driven by the exploitation of the country's abundant mineral resources, especially oil. **Strong reliance on extractive industries has become a growing policy concern.**

Following its independence in 1991, Kazakhstan has undertaken extensive institutional reforms to support its transition from a planned to a **market economy**. Yet many industries are still dominated by state-owned enterprises (SOEs).

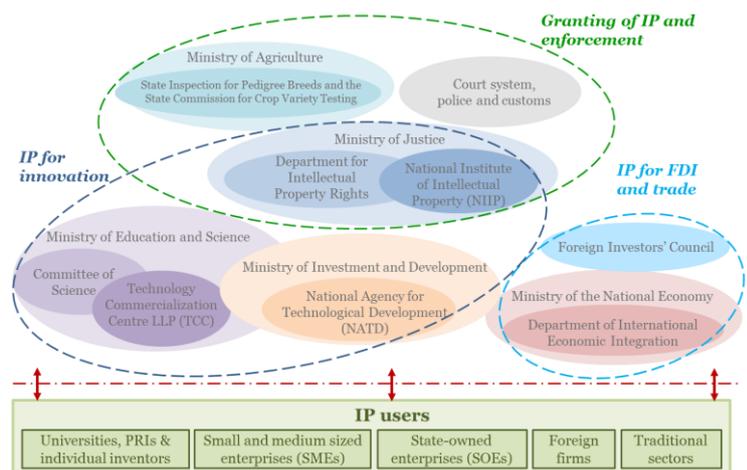
**Kazakhstan's innovation performance – a critical aspect of a competitive market economy – is still weak.** National gross expenditure in research and development (R&D) is below 0.2% of GDP. Innovation capacities are concentrated in the countries' best universities and public research institutes while national firms hardly engage in innovation. The scarcity of skilled human capital, the limited access to finance for innovators, important bureaucratic barriers to doing business impede stronger innovation performance.

**Kazakhstan's current innovation system needs to focus on catching up with other countries' level of development.** Consequently, IP policies should **focus not only on patents** but also on trademarks, utility models, and ways to raise actors' awareness of how IP can help support their business activities.

### Organisation of Kazakhstan's IP system

- **The legal and regulatory framework of Kazakhstan's IP system has evolved substantially** over the past decades, in line with international standards. The country joined the World Trade Organization (WTO) in 2015 and consequently adopted the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). It is also party to the Patent Cooperation Treaty (PCT) and the Eurasian Patent Convention.
- Interviews conducted in the context of this OECD review point to users' **satisfaction with the processing of IP applications**. Free, open and user-friendly access to databases and platforms that inform on IP registered and applied for in Kazakhstan; and both solicit and react to user feedback, would, however, enhance the quality of the IP system's services to the economy.

Figure 1. Overview of Kazakhstan's IP system



- Kazakhstan's national **IP system encompasses different policy actors**. In order to ensure IP policy coherence and avoid duplications, a clear delineation of responsibilities among actors and more co-ordinated inter-ministry efforts are needed, including the establishment of an IP policy co-ordination body. This, however, should not result in more bureaucracy: it could initially take the form of annual meetings to discuss IP matters for innovation beyond regulation and enforcement.

### Adapting to different IP users in Kazakhstan

The **use of IP in Kazakhstan is very low** by international standards and has changed little over the past decade. Patent applications by residents per million population were at around 100 per year between 2004 and 2014, a figure that is significantly below that of other countries such as the Russian Federation (167 in 2014) and China (587) (Table 1). Other types of IP are very infrequently used.

All actors of the innovation system – particularly small- and medium-sized companies but also large SOEs – are weak users of the IP system. This partly relates to limited innovation capacities that need strengthening. IP policy can complement innovation policy efforts aimed at raising capacities, including by raising awareness **of trademarks, utility models and industrial designs**.

**Adopting a sectoral focus** with respect to IP policies (i.e. start by fostering IP use and strengthening IP commercialisation expertise in specific priority sectors, such as agricultural, mining and textile sectors), and avoiding to focus on high-technology sectors solely, are likely to offer opportunities for IP policy success for larger segments of Kazakhstan's economy.

The IP system could also **contribute to inclusive innovation** by addressing the specific needs and challenges of the most disadvantaged regions, where a focus on IP for agricultural and traditional products could best serve private sector development.

Table 1. Resident IP applications per million population, by filing office, 2014

	Patents	Utility models	Trademarks
Kazakhstan	101 (87%)	8 (68%)	148 (25%)
Russian Federation	167 (60%)	90 (93%)	238 (56%)
Belarus	69 (86%)	44 (86%)	216 (23%)
China	587 (86%)	631 (99%)	1464 (95%)
Japan	2093 (82%)	43 (77%)	787 (80%)
United States	894 (49%)	n.a.	888 (83%)

Notes: Figures in brackets correspond to shares of resident over total applications.

Source: WIPO Statistics Database.

### Creating conditions for IP markets

**Kazakhstan has engaged in initial steps to create IP markets**, i.e. markets where IP titles can be sold or licensed, with the newly promulgated Law on Commercialisation of Scientific Activities. Fostering relations between research and industry is a first step before further policy developments need undertaking.

### How can Kazakhstan's IP system best contribute to national innovation performance?

Following its assessment of Kazakhstan's IP system and socio-economic and innovation context, the publication gives the following recommendations:

Priorities	Recommendations
IP policy co-ordination	Improve intra-governmental IP policy co-ordination Define IP policy responsibilities of institutions engaged in IP system
Private sector access to IP	Provide IP training and technical support to SMEs Support the creation of trademarks for food products and traditional handicrafts Promote sourcing of Kazakh technologies by state-owned enterprises Create a new prize for innovative SMEs actively using IP
Public research commercialisation and private sector development	Develop guidelines and tools to facilitate commercialisation Reform researchers' rewards system to incentivise research commercialisation Introduce new performance measures for university funding Empower a central agency to promote IP commercialisation
Sectoral approach to IP policies (cross-cutting priority)	Empower a central agency to promote IP commercialisation, building expertise in specific sectors Foster the use of franchises in the food and textile sectors
IP processing	Provide free, open access to information on IP registered in Kazakhstan Publish information on National Institute of Intellectual Property's processing procedures and pendency statistics
Beyond IP policy	Implementation of complementary innovation policies Use improvements in IP system to attract R&D-related FDI

Note: The list of recommendations is provided in Chapter 1 (sections 1.2 and 1.3) of the publication.

### For more information

Ms. Caroline Paunov, OECD Directorate for Science, Technology and Innovation

E-mail: caroline.paunov@oecd.org - Tel: +33 (0) 1 45 24 90 40

Project Website: <http://oe.cd/ip-studies> or [www.oecd.org/sti/inno/ip-studies.htm](http://www.oecd.org/sti/inno/ip-studies.htm)