



KAZAKHSTAN – 2021

Key findings

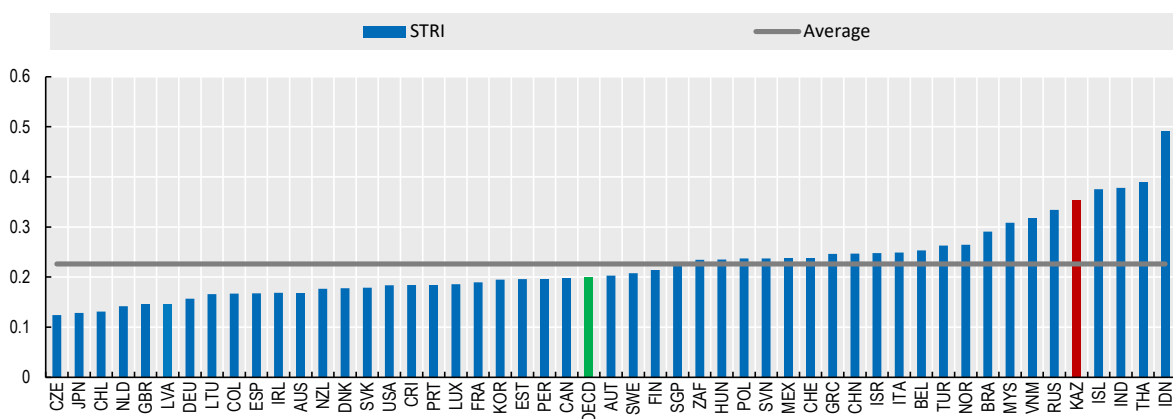
- In 2021, Kazakhstan has a higher STRI score than the average across most services sectors, indicating a relatively restrictive regulatory environment for services trade.
- At the same time, Kazakhstan demonstrated significant progress in liberalising its services industries over the past years, especially after its accession to the WTO in 2015. Kazakhstan's regulatory environment for services was relatively stable over the past years.
- Legal services is the least trade restrictive services sector in Kazakhstan whereas rail freight transport services is the most restrictive.

Recommendation

- Innovation and adoption of technology rely on access to knowledge and to the networks, people, goods, and services that carry the knowledge around the world. In this context, Kazakhstan could benefit from more open markets for services trade and competition enhancing reforms in key services sectors that overarch the entire economy.

The 2021 STRI of Kazakhstan is relatively high compared to other countries in the STRI sample (Figure 1), with moderate changes compared to 2020.

Figure 1. Average STRI across countries, 2021



Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2021. The STRI regulatory database covers the 38 OECD countries, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Source: OECD STRI and TiVA databases (2021).

The 2021 index can be explained in large part by general regulations that apply to all sectors in the economy. The number of work permits issued to foreign nationals seeking to provide services on a temporary basis as contractual services suppliers or independent services suppliers has been subject to quotas. Labour market testing continues to apply to intra-corporate transferees. The issuance of the work permits is subject to observation of a ratio between local and foreign employees of the same category, whereas foreign qualified workforce quota is annually calculated as a percentage of the local workforce.

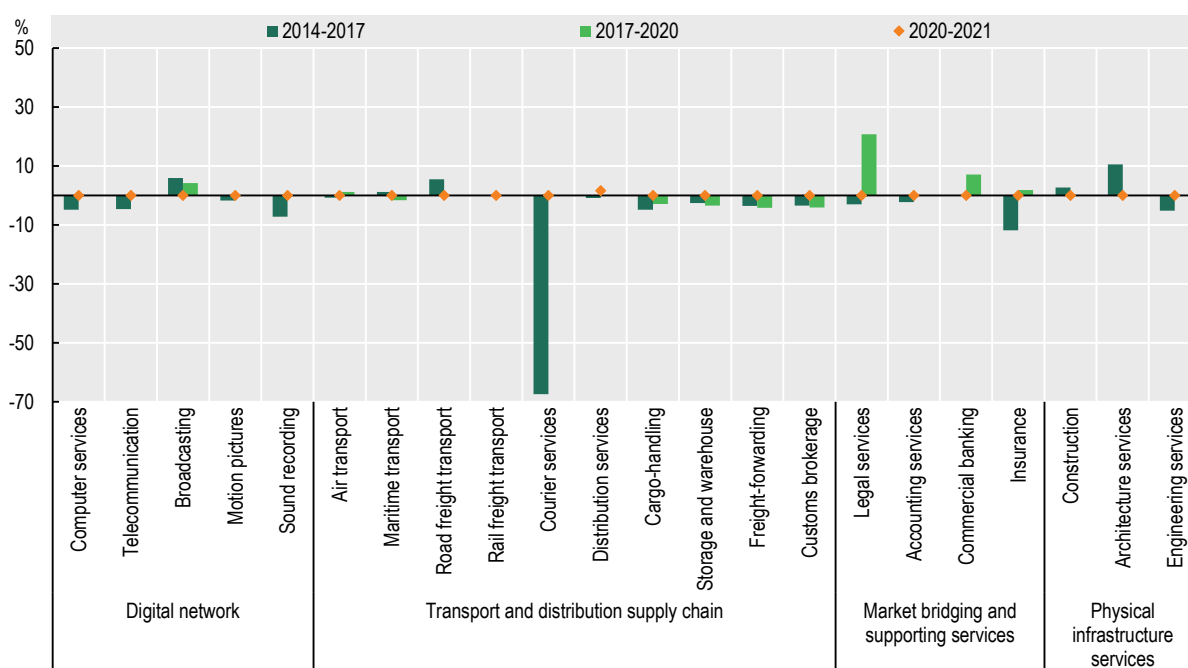
Kazakhstan maintains foreign investment screening mechanisms on the grounds of national security for foreign activities in certain areas and territories. Access to public procurement for foreign services suppliers is granted based on international treaties to which Kazakhstan is a party. However, this can be subject to exemptions in order to protect the domestic market, develop the national economy and support domestic producers, among other grounds. In such cases, the exemption should not be longer than two years. Finally, acquisition of land and real estate for certain uses by foreigners is restricted.

Kazakhstan has been progressively introducing reforms over the past years, contributing to easing the conditions for trade and investment in several sectors (Figure 2). The highest levels of liberalisation were recorded in courier services in 2017 due to the removal of monopolies in the sector while the highest level of tightening was in legal services. Liberalization changes in the insurance services reflect that as of 2018 the general rule requiring insurance companies to be incorporated in Kazakhstan ceased to be applicable to reinsurance companies.

The changes in air transport reflect that in January 2016, Kazakhstan lifted restrictions on foreign equity share for airlines which were previously capped at 49%. However, this liberalisation was revoked in May 2017, when the 49% limitation was reintroduced, and maintained since then. The changes in broadcasting sector were mostly impacted by the fact that since 2017 foreign mass media companies willing to provide broadcasting services in Kazakhstan were required to register a branch or a legal entity in Kazakhstan.

Figure 2. Evolution of STRI indices by sector in Kazakhstan

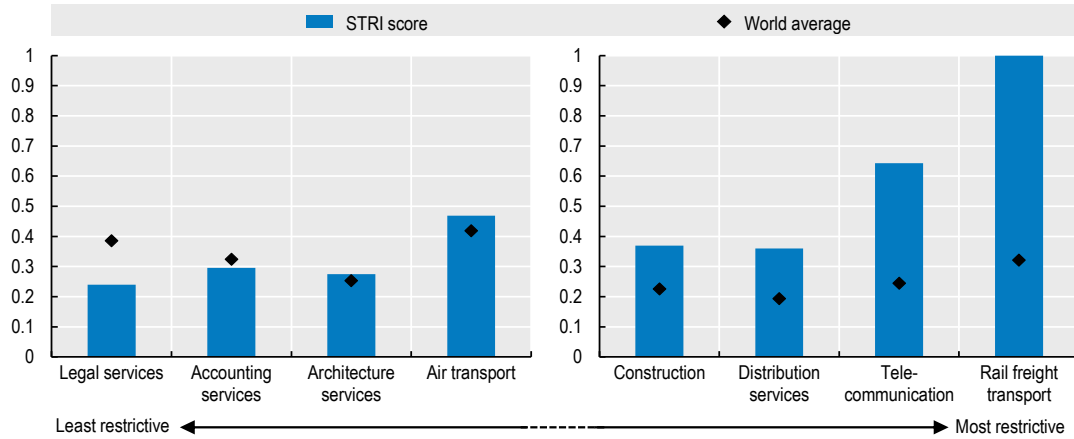
Services Trade Restrictiveness Index, percentage change over the period 2014-2017, 2017-2020 and 2020-2021



Source: OECD STRI database (2021).

Legal services, accounting services, architecture services and air transport are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Construction, distribution services, telecommunications and rail freight transport are the sectors with the highest score relative to the average STRI across all countries.

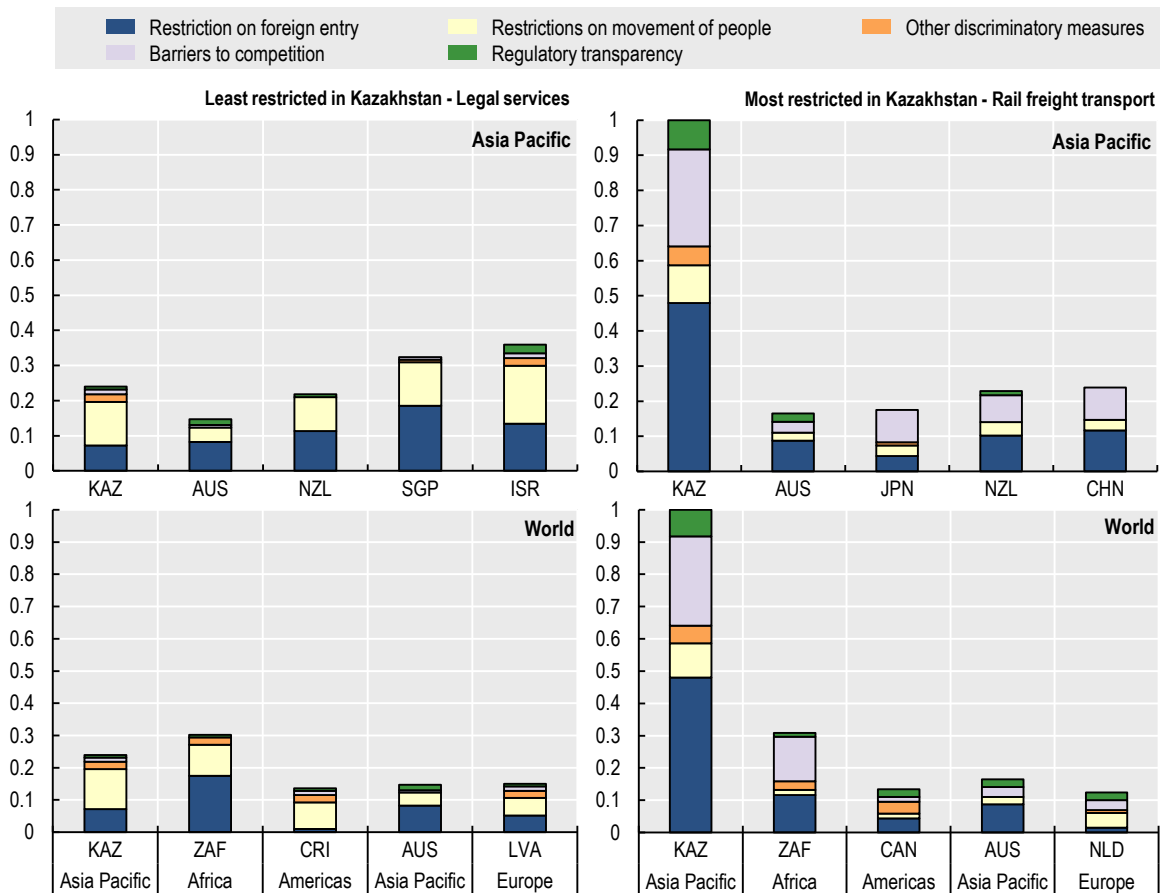
Figure 3. Sectoral breakdown: The least and most restricted sectors in Kazakhstan



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference i.e. $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$
 Source: OECD STRI database (2021).

Legal services are the least restricted service sectors in Kazakhstan compared to Asia Pacific and the other best performers elsewhere while rail freight transport are the most restricted (Figure 4).

Figure 4. Kazakhstan compared to Asia Pacific and World's best performers



Source: OECD STRI database (2021).

Key reforms

Since 16 December 2020, foreign banks and foreign re/insurance companies are allowed to establish branches in Kazakhstan. To open its branch in Kazakhstan, foreign bank or foreign re/insurer must ensure the existence of an agreement between the authorized regulator in Kazakhstan and the financial supervision body of the state of origine of the foreign bank or foreign re/insurance organization. At least two executive managers of a Kazakhstani branch of a foreign bank or a foreign re/insurance company must be residents of the Republic of Kazakhstan.

Since 2019, a new law on currency control treats branches of foreign companies as "residents" requiring them to conduct all transactions with other residents in the local currency. However, it remains possible to perform transactions between a resident and a non-resident in foreign currency.

In the construction sector, as of 1 July 2020, design and construction works were removed from the list of public procurement to be conducted by way of tender with prior qualification selection, easing access to foreign suppliers. In the maritime services sector, provisions granting to the National Sea Shipping Company benefits and preferences for the mandatory services rendered by maritime ports was repealed in 2019.

More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org>