



## KAZAKHSTAN – 2023

### Key findings

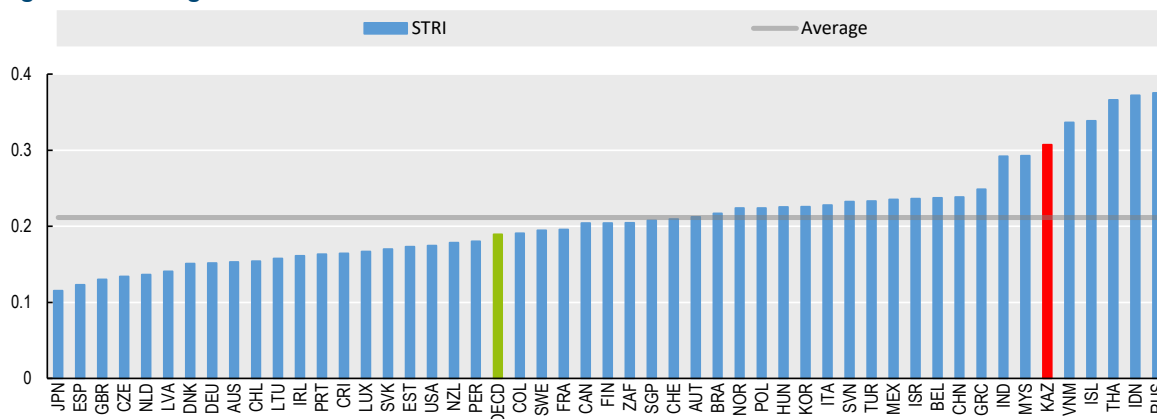
- The 2023 STRI of Kazakhstan is above the OECD average and relatively high compared to the countries in the STRI sample, indicating a relatively restrictive regulatory environment for services trade. The index has not changed compared to 2022.
- Kazakhstan's regulatory environment for services has been relatively stable over the past years. Kazakhstan has demonstrated progress in liberalising its services industries after its accession to the WTO in 2015.
- Legal services are the most open sector in Kazakhstan while rail freight transport is the most restricted sector, relative to the sectoral average.

### Recommendation

- Trade in services strengthens resilience across supply chains, facilitating environmental sustainability and promoting greater inclusiveness. To ensure the benefits of open markets and a rules-based international trading system, national and multilateral action is needed to lower barriers and reduce trade costs, promote greater regulatory interoperability, and facilitate the digital transformation of economies

The 2023 STRI of Kazakhstan is above the OECD average, and relatively high compared to other countries in the STRI sample (Figure 1).

**Figure 1. Average STRI across countries, 2023<sup>i</sup>**



OECD (2023). STRI and TiVA databases.

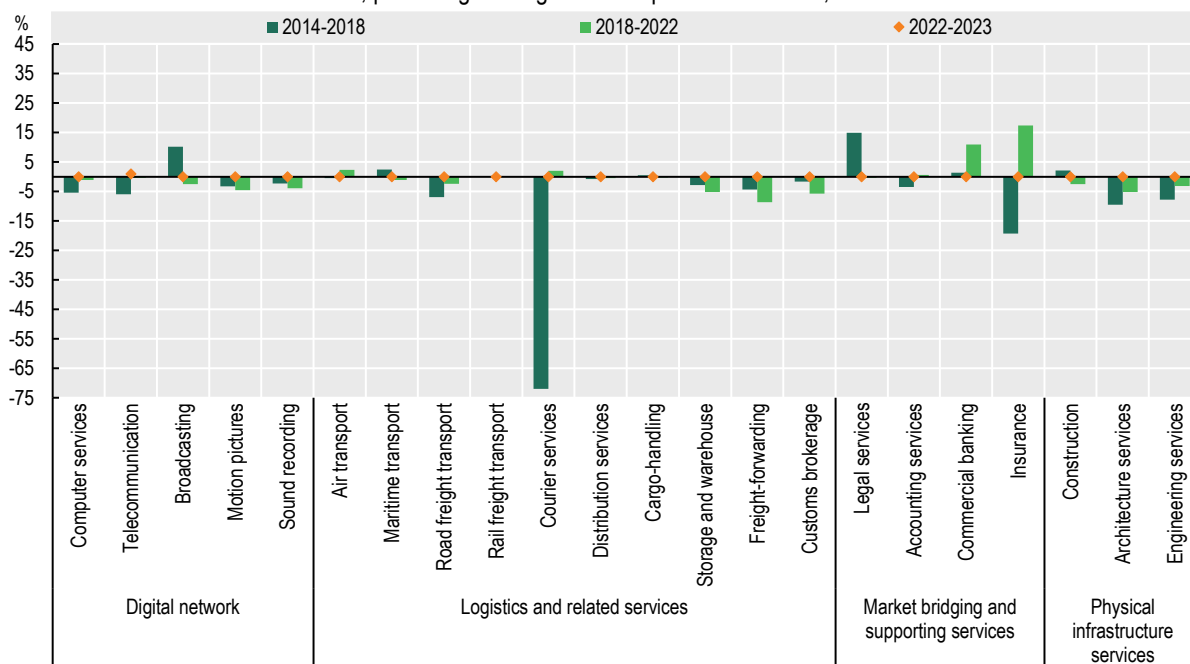
The 2023 index can be explained in large part by general regulations that apply to all sectors. There are quotas on the number of work permits issued to foreign nationals seeking to provide services on a temporary basis as contractual services suppliers or independent services suppliers. Labour market 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 the foreign qualified workforce quota is annually calculated as a percentage of the local workforce.

Kazakhstan maintains foreign investment screening mechanisms for foreign activities in certain areas and territories on the grounds of national security. 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 some exemptions, such as to protect the domestic market, develop the national economy and support domestic producers. 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.

In 2023, Kazakhstan's regulatory environment for services remained stable. Over the past years, Kazakhstan has been progressively introducing reforms, contributing to easing the conditions for trade and investment in several sectors (Figure 2). The highest levels of liberalisation were recorded in courier services. The sector has become more open to competition as of 2017, when the universal postal services (including unregistered mail and parcels) ceased to be regulated as a natural monopoly. In the insurance sector, the general rule requiring insurance companies to be incorporated in Kazakhstan ceased to be applicable to reinsurance companies in 2018. Since December 2020, foreign insurance companies and banks are allowed to establish branches in Kazakhstan, but relevant legislation simultaneously introduced certain restrictions on foreign branches. In 2021, adopted legislation enhanced the promotion of domestic goods and services by providing subsidies and partial reimbursement of costs to certain local enterprises.

**Figure 2. Evolution of STRI indices by sector in Kazakhstan**

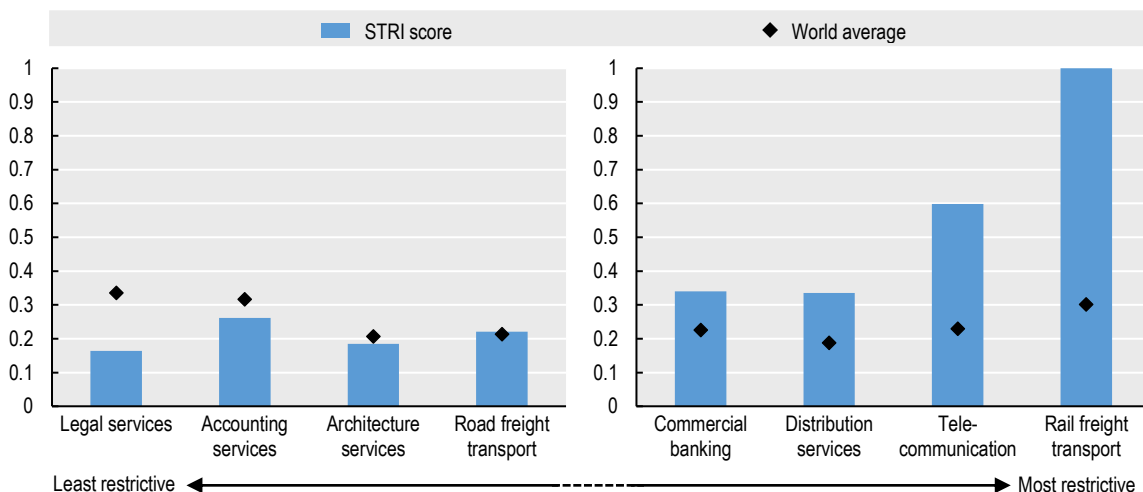
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Figure 3 ranks Kazakhstan’s sectors relative to the respective sector’s world average. Legal services, accounting services, architecture services and road freight transport are the sectors with the relatively lowest scores. Conversely, commercial banking, distribution services, telecommunications and rail freight transport are the sectors with the relatively highest scores.

**Figure 3. Sectoral breakdown - The least and most restricted sectors in Kazakhstan compared to world average**



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

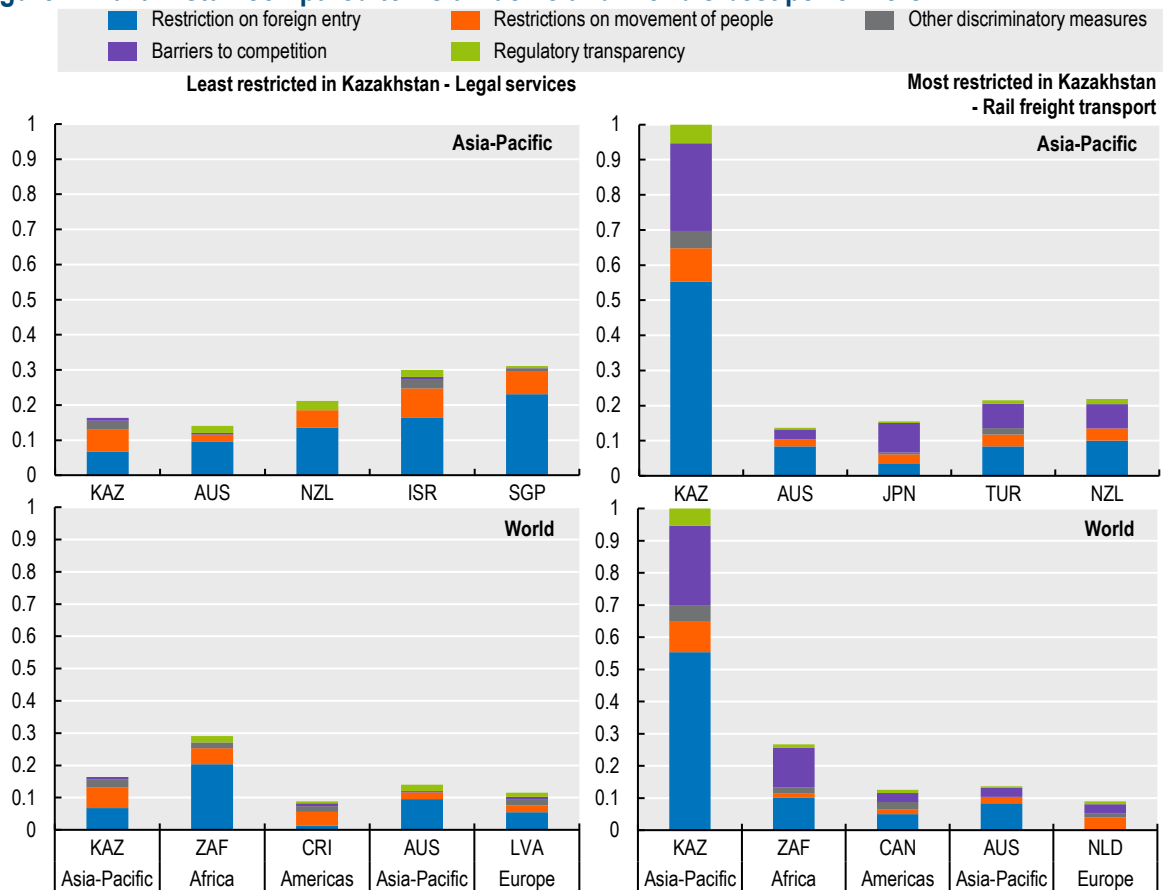
i.e.  $(STR I_{country, sector} - STR I_{world\ average, sector}) / STR I_{world\ average, sector}$

Source: OECD (2023). STRI database.

Legal services are the least restricted in Kazakhstan compared to the sectoral STRI average across all countries and to best performers in Asia-Pacific region. The composition of the indices indicates that less restrictions on foreign entry have had an impact compared to other countries. The measures that contributed to this score include the absence of foreign equity restrictions or restrictions on the legal form. As of 2018, the law provides for the regulation of legal consultants' (i.e., lawyers) activities, along

with previously regulated advocates. Legal consultants are required to be members of the respective Bar Association if they provide representation in court. Rail freight transport is the most restricted services sector in Kazakhstan compared to the average STRI across all countries and to best performers in Asia-Pacific region. The National Joint Stock Company «Қазақстан темір жолы» (KTZ) is the only company that can manage railway infrastructure and provide locomotive traction services (also through its subsidiaries). Foreigners can engage in rail transport businesses by operating rolling stock (Figure 4).

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



Source: OECD (2023). STRI database.

## Recent policy changes

Kazakhstan introduced several reforms over the past years. As of 2022, participation in public procurement is subject to the supplier's compliance with qualification conditions, which require registration with the local revenue authorities and are evaluated on the basis of the applicant's activity in the host market.

Between March 2020 and late 2021, Kazakhstan restricted business travel and the issuance of business visas due to the COVID-19 pandemic. In 2022, Kazakhstan also introduced a visa-free regime for Indian nationals, the comparative benchmark nation in the STRI database regarding measures related to business travel.

In the telecommunications sector, as of 2023, an operator may only connect to the public telecommunication networks after installation of specific hardware and/or software on the switching equipment that enable collection, storage, and provision of information about subscribers of communication networks and the communication services provided to them to the state law enforcement intelligence services.

## More information

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

<sup>i</sup>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 2023. The STRI regulatory database covers the 38 OECD Members, 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.