



KAZAKHSTAN – 2022

Key findings

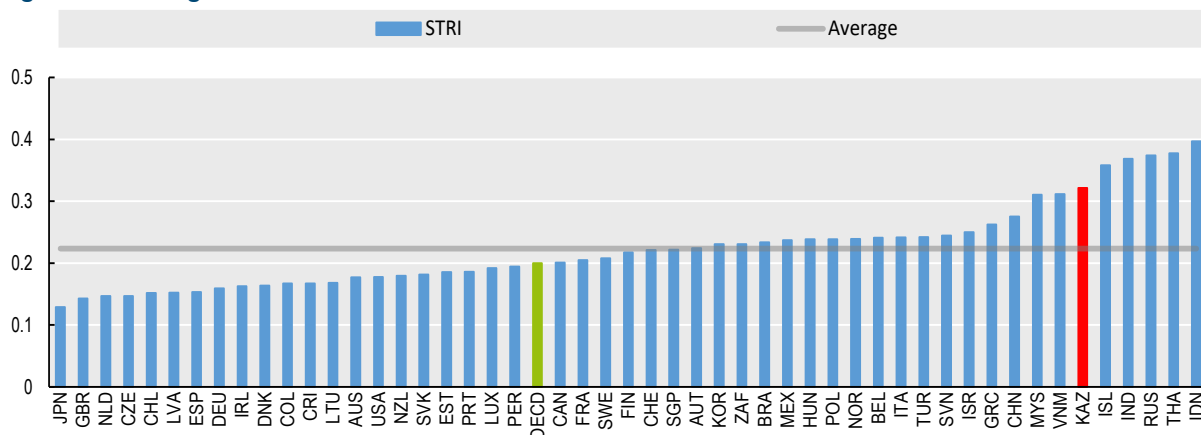
- In 2022, Kazakhstan has a higher STRI score than the average across most services sectors, indicating a relatively restrictive regulatory environment for services trade.
- At the same time, Kazakhstan demonstrated progress in liberalising its services industries over the past years, especially after its accession to the WTO in 2015. Kazakhstan's regulatory environment for services was relatively stable over the past years.
- Legal services are the least trade restrictive services sector in Kazakhstan whereas rail freight transport services are the most restrictive one.

Recommendation

- Open and well-regulated services markets are essential to facilitate economic recovery, strengthen resilience to future shocks, and promote a more sustainable trading system. To ensure that the benefits of open markets and a rules-based international trading system are preserved, policy makers should focus on minimising barriers that increase trade costs for services providers, weaken the gains from digital transformation and undermine competitiveness.

The 2022 STRI of Kazakhstan is relatively high compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2022



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 2022. 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. Source: OECD (2022). STRI and TiVA databases.

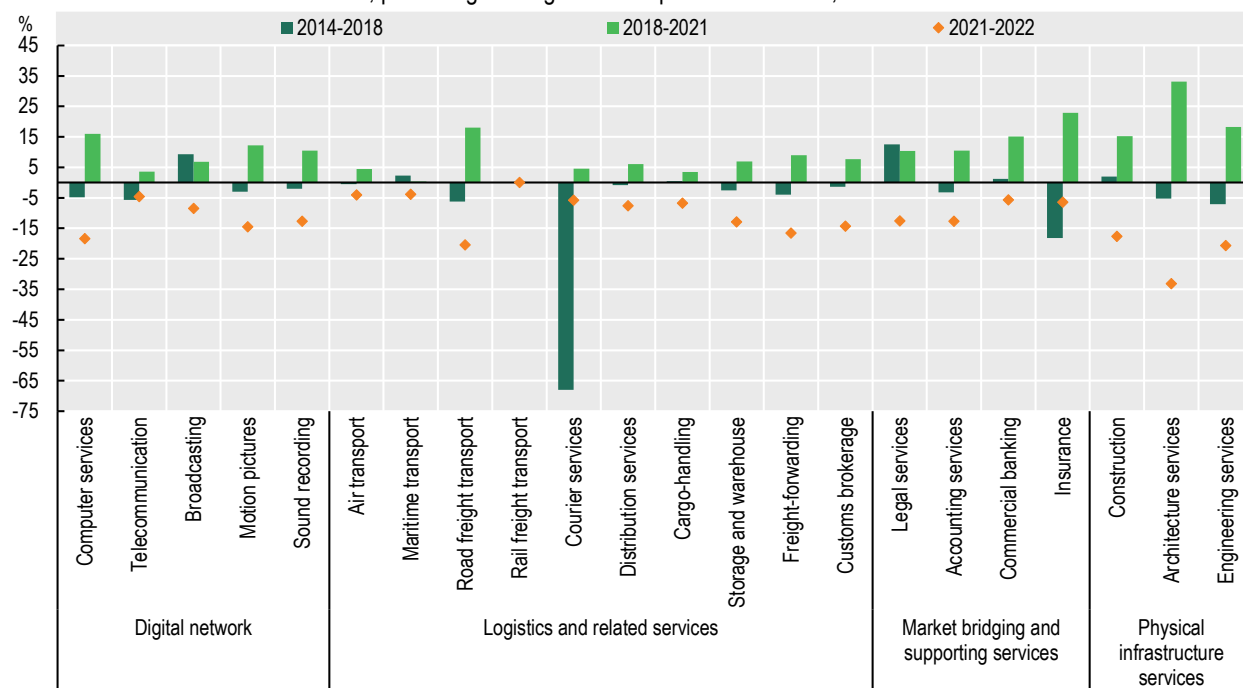
The 2022 index can be explained in large part by general regulations that apply to all sectors in the economy. The number of work permits issued to foreign nationals seeking to provide services on a temporary basis as contractual services suppliers or independent services suppliers has been subject to 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. The postal services sector has become more open to competition as from 2017 when the universal postal services (including unregistered mail and parcels) ceased to be regulated as a natural monopoly. 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. Changes in 2022 are due to lifting the prohibition on business travel.

Figure 2. Evolution of STRI indices by sector in Kazakhstan

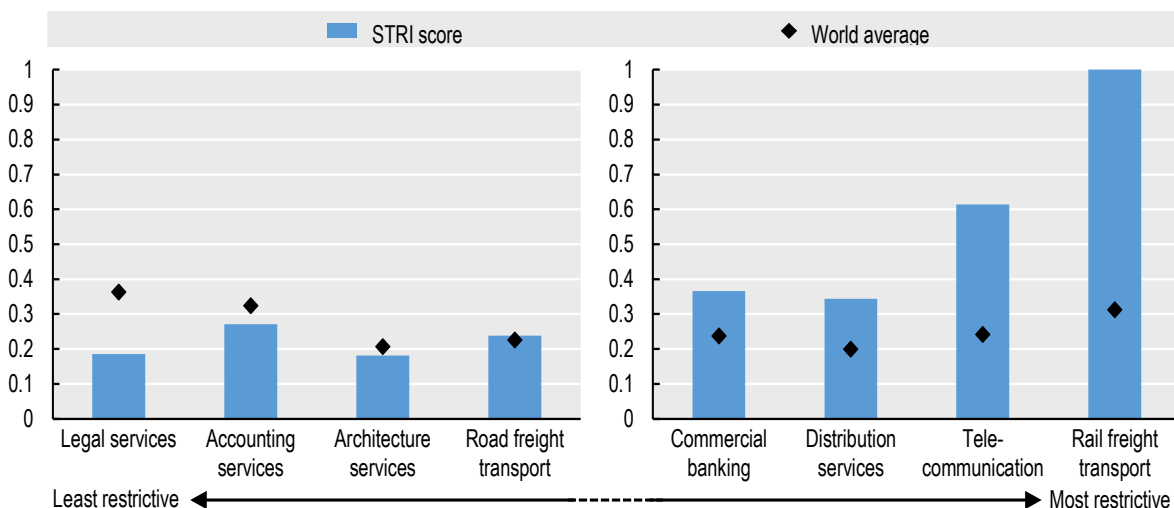
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2021 and 2021-2022



Source: OECD (2022). STRI database.

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). Commercial banking, 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

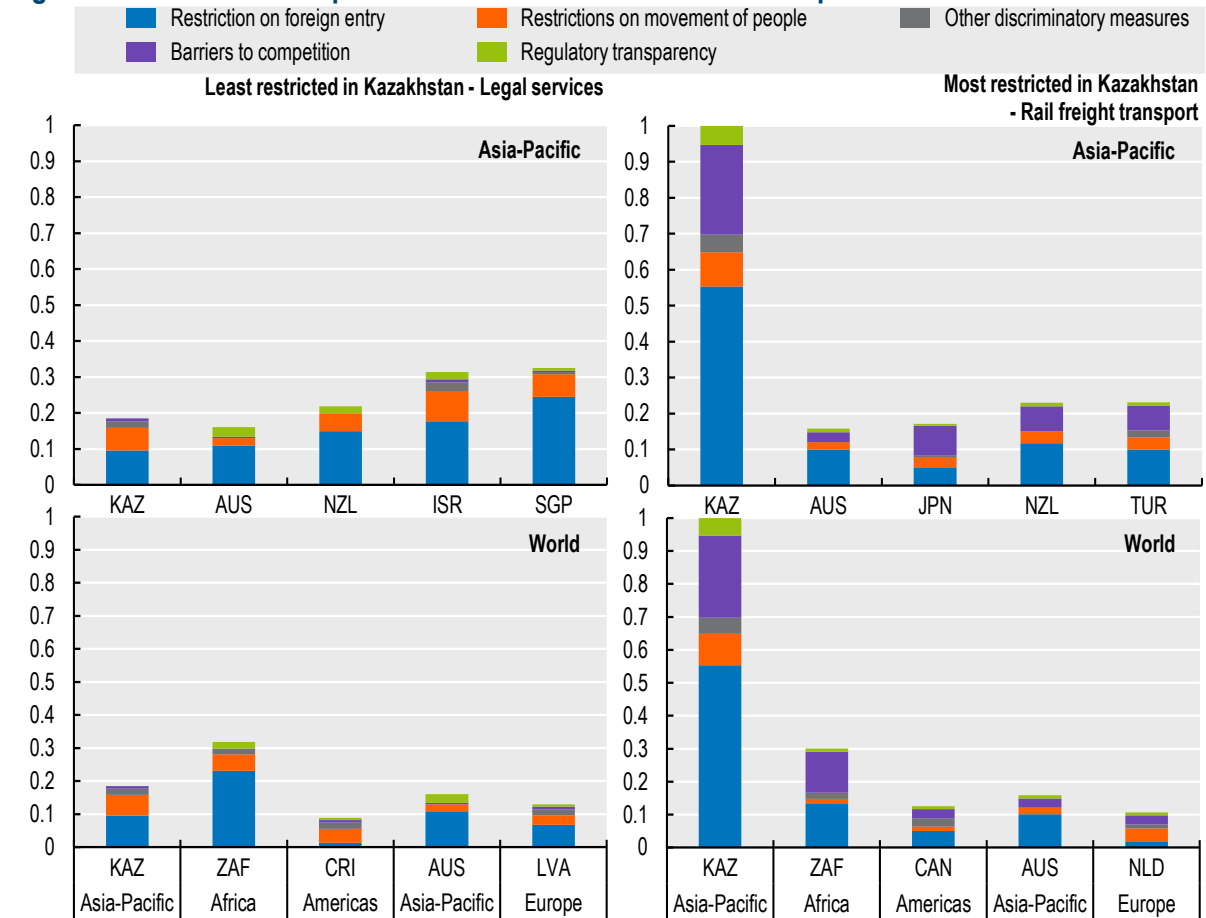
i.e. $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$

Source: OECD (2022). STRI database.

Legal services are the least restricted in Kazakhstan compared to the Asia-Pacific region. The composition of the scores 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 legal form restrictions. Rail freight transport is the most restricted services sector in Kazakhstan. 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, but need to rely on KTZ to provide the locomotives (Figure 4).

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



Source: OECD (2022). STRI database.

Recent policy changes

As from 2022, participation in the public procurement is subject to supplier's compliance with the qualification conditions, which require registration with the local revenue authorities and is 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. In 2022, Kazakhstan also introduced a visa-free regime for Indian nationals (the comparative benchmark nation in the STRI database).

Kazakhstan introduced several reforms over the past years. 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 of the RK and the financial supervision body of the state, the resident of which is 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.

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