

# The investment climate in Kazakhstan



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An energy-rich country that has attracted \$120 billion in foreign investment since independence over 21 years ago, Kazakhstan is investing billions in diversifying its economy and wooing foreign investors.

Kazakhstan is the world's largest uranium miner and the second largest oil producer in the region after Russia. The government is leveraging these resource riches with a \$43 billion fund to promote economic growth and stability and is targeting sectors such as agriculture, biotechnology, chemicals, pharmaceuticals and telecommunications.

To achieve its aim of building a western-style economy, the government is targeting foreign investment to bring new technologies and more productive business practices to the country. The government's efforts have already lifted Kazakhstan to 47 out of 183 economies in the World Bank's Doing Business 2012, an improvement of 11 places over its 2011 ranking of 58.

While many western economies are verging on recession, Kazakhstan posted economic growth of 7.5 per cent last year and the World Bank is forecasting close to six per cent in 2013.

President Nazarbayev laid the foundation for the foreign investment boom with a 2003 investment law establishing equality for foreign and domestic investors, guaranteeing investors' rights and defining the measures the government needs to take to support those investments. The 2020 Strategic Development Plan approved by the President in 2010 set out an ambitious agenda of diversification.

It is hoped that these measures will help Kazakhstan's manufacturing sector to overcome the so-called Dutch disease,



which refers to the decline of a country's manufacturing industry as a result of a strong currency arising from high revenue from sales of natural resources, a tendency common to many resource-rich countries.

## Deloitte is well placed to help companies develop their businesses in the dynamic and attractive investment environment in Kazakhstan

Among the investment benefits available are government-provided contributions of goods and services, as well as exemption from customs duties. Currently, these benefits are only available to Kazakh companies, meaning that if a foreign investor is looking to enjoy the benefits provided by the investment law, it must first set up a company in Kazakhstan.

Kazakhstan has concluded Double Tax Treaties with 43 countries, too, reducing the tax burden for many investors. The Kazakh government has also set itself the goal of developing many regions

of the country by setting up Special Economic Zones, such as the Aktau Sea Port, Burabay and Pavlodar, which provide companies operating in them with significant tax incentives or concessions.

Deloitte offers a full range of professional tax and legal services, to assist companies and individuals in taking advantage of available tax relief and to advise on the most appropriate and efficient tax structures from both a domestic and international perspective.

As a leading professional services firm providing audit, tax and legal, consulting and financial advisory services with an exceptional understanding of the specific nature of the local market, along with a reputation as a leading global firm and all the advantages that status brings, Deloitte is well placed to help companies develop their businesses in the dynamic and attractive investment environment in Kazakhstan.

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