



Legal environment for foreign investment in Kazakhstan's non-extractive sector. Public-private partnership: a start-up.

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Legal environment for foreign investment in Kazakhstan's non-extractive sector

- The past decade saw Kazakhstan implementing drastic structural reforms, which laid a ground for the further development and growth of the country's economy
- Extractive industry will remain for the foreseeable future the driving force of this growth, but the government in recent years places increasingly strong accent on the non-extractive sector

Legal environment for foreign investment in Kazakhstan's non-extractive sector

- ❑ **Law on the State Support of Investment aims to encourage investment in capital assets in select “qualified” industries**
- ❑ **These industries include infrastructure, transport, processing industry and some other sectors**
- ❑ **The law applies equally to foreign and domestic investments**

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Law on the State Support of Investment stipulates the following investment incentives:

- Tax incentives:**
 - Accelerated asset depreciation**
 - Exemption from property tax**
 - Exemption from land tax**

- Customs incentives:**
 - Exemption from import tariffs on imported equipment and other assets**

- State grants in kind:**
 - The state's free transfer of certain investment assets, such as land**

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- ❑ The government considers free economic zones as an instrument that can help to rapidly attain critical mass of investment in a certain industry
- ❑ Free economic zones in Astana (construction industry) and in Aktau (marine transportation and infrastructure) are often cited as successful examples of this strategy
- ❑ Also, free economic zones exist today in Almaty, Shymkent and Kostanay
- ❑ Next year the government plans to establish a dozen of new free economic zones in the various parts of the country

Public-private partnership: a start-up

- ❑ **Last year saw Kazakhstan's first experience with PPP: the Sary-Arka Social & Commercial Enterprise (SCE)**
- ❑ **Additional SCEs were established this year and are going to be set up next year in various parts of the country**
- ❑ **An SCE is a commercial entity that has a status of a national company**

Public-private partnership: a start-up

- ❑ SCEs serve to encourage investment in small- and medium-scale projects
- ❑ The “preferred” areas for investment are infrastructure, service industries and certain subsoil use opportunities
- ❑ An SCE sets up a joint venture with an SCE assuming the role of a minority shareholder
- ❑ Assets that an SCE typically contributes to the venture include land, buildings, shares in certain state-owned entities and subsoil use rights



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