

## **Kazakhstan Committed to Opening Economy and Modernizing Society**

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“The interests of our overseas partners are taken fully into account when new policy is being shaped.”

By Karim Massimov

From our earliest days as an independent country, Kazakhstan has consistently pursued a dual track policy: actively seeking international investment and knowledge to help drive economic development, while building political stability, national unity and human capital for social progress. It was a deliberate choice which, over the last 25 years, has helped transform our nation and its prospects for the better.

Good relations were established with countries all around the world, leading to increased trade. Our welcome to overseas companies has seen long and successful partnerships forged to the benefit of them and our country. Similarly, we have been able to establish a strong track record of political stability, ethnic and religious harmony and sustained improvement in human development indicators. Needless to say, the dual policy tracks have not only been complementary but mutually reinforcing.

The result is that Kazakhstan has been the favorite destination for overseas investment in our region. More than \$210 billion in foreign direct investment has flowed into our country over the last two decades. The strong growth that this has helped drive has provided the revenue to improve dramatically the living standards and quality of life of our citizens. And Kazakhstan’s citizens and international investors alike have come to expect safety in everyday life and respect for diversity as a matter of fact.

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There is no question but that the country cannot stand still or slip backwards, because we are committed to building on the progress we have already achieved and strengthen and diversify our economy and modernize our society. Achieving our ambition of joining the ranks of the top 30 developed countries by 2050 requires us to continue removing any barriers which stand in the way of sustainable development.

This is why, at a time when economic shocks from beyond our borders and control could have caused us to slow the pace of reform, we have responded by accelerating the modernization of our economy and society. We have been implementing wide-ranging reforms to improve the performance of our institutions, opening up state industries through a comprehensive privatization program and taking decisive steps to improve the investment climate.

Equally important, one of the planks of the institutional reforms we launched last year aims to create an open government that is more accountable to our citizens. This means that in the first instance we have to communicate in the clearest, most concise way to explain government’s intent, policy designs, implementation approaches and timelines behind reform packages. The recent public outcry over

proposed land use reforms is a case in point – we are learning to listen, and as a result we have set up a land reform commission with participation of a cross-section of citizens. Moving to this more participatory approach may not be all smooth sailing, and there likely will be ups and downs, but the fact is that we are learning.

Among institutional reforms already underway are measures to improve the professionalism of our civil service and further strengthen the rule of law. This includes increased legal protection for investors and the creation of the Astana International Financial Centre which will operate to the highest global standards and practices.

These reforms have been coupled with the Nurly Zhol program that focuses on improving infrastructure including transport links. We are determined to maximize Kazakhstan's position as a regional economic hub and link between east and west, north and south. New routes linking China to Europe and Central Asia to the Persian Gulf will bring wide-ranging benefits.

The decision to sell stakes in major state enterprises such as KazMunayGas, the national oil company, has already been welcomed by the IMF as a major step in the right direction. Privatization will not only bring new resources for the government to further invest in infrastructure and human development and for the businesses themselves to expand and thus create new jobs, but will also bring an injection of fresh ideas to improve corporate governance and management, productivity and profitability.

We are also working hard to create the best possible environment for investment. A new package of generous incentives has been introduced including exemption from custom duties for equipment and raw materials and from land and corporate tax. Grants of up to 30 per cent which cut capital costs for buildings and plants are now available. In addition to the Foreign Investors Council under the president of Kazakhstan, which discusses priority issues for both investors and the government, an Investment Ombudsman has also been created to resolve disputes between foreign investors and Government agencies. The benefits of the improved business environment will expand to all businesses whether domestic or foreign as a level playing field for all actors is created; for instance, a transparent judiciary and improved rule of law will help everyone's confidence in the system.

New one-stop-shops have been established in every region of the country to help cut the bureaucratic burden, including on the foreign business community. Firms and investors will also soon be able to get help in their own countries. Senior officials from our Ministry for Investment and Development are assigned to work in our embassies in 10 priority countries to offer expert advice to potential partners with investment promotion centers to be established in five global cities.

We have also made it easier for firms to employ qualified expatriate staff while short-term visas for visitors from Kazakhstan's main partners have been abolished. In a unilateral move which underlines our determination to cut red tape and attract investment, nationals of 20 countries such as Germany, the U.S., the U.K. and Singapore no longer need any visa to visit our country for up to 15 days.

All these efforts come against a background where Kazakhstan's attractiveness as a place to do business has been enhanced by our membership of the

Eurasian Economic Union. This means that businesses based in our country now have easy access to a common market of over 180 million consumers. But we also continue to strengthen our place within the global economy with accession to the WTO in 2015, a new enhanced partnership and cooperation agreement with the European Union, our biggest trade partner, an active role with China in the New Silk Road initiative, and a wide-ranging cooperation agreement with the OECD to guide our business and regulatory standards.

These measures all help explain why Kazakhstan has risen from 50th to 42nd place in the World Economic Forum's Global Competitiveness Index. It puts us ahead of countries such as Italy, Turkey, Brazil and Russia. We moved one place higher – 41st out of 189 countries – in the 2016 edition of the World Bank's Doing Business.

While we are pleased to see the initiatives we are taking acknowledged in these global rankings, we know there is more to do. We have created new forums – under President Nursultan Nazarbayev and myself as prime minister – where the views of overseas investors are heard loud and clear at the heart of government.

Finally, let me acknowledge the concerns as well as well-wishes that our fellow citizens, our international friends, and overseas investors have expressed over the recent terrorist attack in the Western city of Aktobe. It has been jarring and shocking to our people because Kazakhstan has been so safe for so long that nobody could ever dream of such a brazen violent challenge to public order. However, under the leadership of President Nazarbayev our country is strong, our society is united, and we will not be deterred on our path to build a tolerant and welcoming modern society for all.

We are determined that together with the welfare of our citizens, the interests of our overseas partners are taken fully into account when new policy is being shaped. Together, we can continue to create the favorable conditions for the benefit of investors, companies, our economy and our citizens.

The author is Prime Minister of Kazakhstan.

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