



GRATA
INTERNATIONAL

Local Knowledge
for Global Business

www.gratanet.com

Kazakhstan President's speech at Parliament: key reform measures

After a brief description of the events which were caused by socio-economic problems and ineffective work of state bodies, as well as the growing economic inequality among the population, the President of the Republic of Kazakhstan Kassym-Zhomart Kemelevich Tokayev, in his speech at a meeting of the Mazhilis of the Parliament of the Republic of Kazakhstan, outlined the following measures for the upcoming reform in the country:

- ▶ the necessity of carrying out socio-economic reforms aimed at increasing incomes and welfare of the population;
- ▶ the President stated that all obligations and guarantees of the state to investors will be fulfilled in full;
- ▶ revising the activities of the Development Bank of Kazakhstan, measures, and approaches of state support for business, to make them more understandable and transparent with a focus on financing and supporting the SME sector;
- ▶ providing broad incentives for exploration and development of new deposits to large mining and other companies;
- ▶ developing proposals for a radical reform of the quasi-public sector, assessing the effectiveness of the Samruk-Kazyna National Welfare Fund;
- ▶ ensuring full transparency of decisions within the privatization program, clearly define approaches to the selection of assets to be transferred to a competitive environment;
- ▶ ensuring the development of the manufacturing industry, identifying competitive sectors for the development of specific projects and attract investors;
- ▶ revising the rates of the vehicle recycling fee ("utilization fee"), termination of the work of the Operator ROP LLP as a company for the administration and disposal of the utilization fee. ["Operator ROP" LLP is authorized by a government decree for the implementation of the principle of extended obligations of manufacturers (importers) in Kazakhstan. The company is accountable to the authorized body in the field of environmental protection of the Republic of Kazakhstan];
- ▶ revising the procurement procedures for national companies and Samruk-Kazyna National Welfare Fund, preventing the practice of cartel agreements, reducing the number of grounds for procurement from a single source, resolving most issues in the rules and procedures for procurement at the level of laws, and not by-laws. Rules and procedures are to be coordinated with the Ministry of Finance of the Republic of Kazakhstan and the Agency of the Republic of Kazakhstan for the Protection and Development of Competition;
- ▶ working out the issue of additional revenues to the budget, in particular, by levying excise taxes from fuel producers and their intermediaries, as well as with the help of more efficient work of customs authorities, including on the Kazakh-Chinese border. At the same time, the General Prosecutor's Office of the Republic of Kazakhstan, the Ministry of Finance, and the Agency for Financial Monitoring of the Republic of Kazakhstan were instructed to inspect the customs border;
- ▶ special attention will be paid to the development of agriculture, the system of agriculture subsidies will be simplified and made more accessible, the issue of ensuring country's food security will be fundamentally resolved;
- ▶ developing measures to ensure the stability of the financial system, including decisions regarding the growth of consumer loans, to continue the development of a bill on the bankruptcy of individuals;
- ▶ developing a set of measures to control and contain inflation in the 3-4% corridor, including measures to reduce import

dependence, excessive intermediation, as well as monetary policy instruments;

- ▶ ensuring transparency of the system of production and distribution of fuels and lubricants to eliminate manual regulation of prices for fuels and lubricants;
- ▶ creation of public social fund "Kazakhstan Halkyna", which will be financed by annual contributions from large companies, international charitable organizations, monopolists, private and state companies. The fund's activities are planned to be transparent, with the publication of all information on the website, and accountable to the public. The range of companies and the number of contributions will be determined by the government;
- ▶ special attention will be paid to the development and socio-economic programs in the Southern and Western regions of Kazakhstan, stimulating SMEs in these regions, solving employment problems;
- ▶ the National Bank of the Republic of Kazakhstan, together with the Agencies of the Republic of Kazakhstan for financial monitoring and regulation and development of the financial market, was instructed to ensure accurate supervision, verification, and control of all transactions and persons who unreasonably transfer funds out of the country;
- ▶ carrying out reforms in law enforcement agencies, the National Security Committee, the armed forces, aimed at improving material and technical equipment, coordinating work between these structures, high-quality training of employees, their security, and reforming the relevant legislative framework;
- ▶ planned salary freeze for deputies, ministers, and akims (mayors), while, to the extent possible from the state budget, providing for an increase in the salaries of other employees financed from the state budget;
- ▶ resolving the issues of completing the Astana LRT project in the capital with the involvement of domestic and foreign urbanists;
- ▶ elimination of government bureaucracy in favor of digital working methods;
- ▶ reform of the civil servants' apparatus in favor of a more efficient procedure for selecting employees and monitoring the results of their work, a possible reduction in their number.

Today, on January 11th of 2022, a new Prime Minister of the Republic of Kazakhstan was appointed - Alikhan Askhanovich Smailov. Within three weeks, the Prime Minister must submit an action plan of the Government of the Republic of Kazakhstan for the year 2022, considering the measures outlined by the President. Also, a new selection of the Government of the Republic of Kazakhstan was approved.

Tax and customs measures to be taken by the Government of Kazakhstan to implement the President's instructions

Locations

KAZAKHSTAN