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ACCESSION OF THE REPUBLIC OF KAZAKSTAN

Information Regarding Normative-Legislative Acts of the Republic of Kazakhstan in the Foreign Economic Sphere

The Inter Departmental Committee on the WTO of the Republic of Kazakhstan has submitted the follow information regarding normative-legislative acts of the Republic of Kazakhstan in the foreign economic sphere reproduced hereunder.

Information on the normative-legislative acts in foreign economy sphere adopted within the period October 1997 to August 1998, was made public by the Government of the Republic of Kazakhstan.

The information presented in this document is selected from the general list of normative-legislative acts of the Republic of Kazakhstan.

I. GENERAL PROVISIONS

The Government of the Republic of Kazakhstan, due to the reorganization of State bodies, by the Resolution No. 910 of 16 September 1998 "On Introduction of Changes and Amendments to Resolution No. 221 of the Government of the Republic of Kazakhstan of 19 February 1996 "On the Republic of Kazakhstan Joining the World Trade Organization (WTO)" has approved a new list of members of the Inter-Departmental Committee (IDC) on questions of the WTO and charged the Ministry of Energy, Industry and Trade of the Republic of Kazakhstan with the responsibility as a working body, which provides an activity of the above mentioned Committee. Mr. Dzhandosov, First Deputy of the Prime Minister of the Republic of Kazakhstan, has been appointed to be Chairman of Inter-Departmental Committee on the questions of WTO.

The Law of the Republic of Kazakhstan "On Energy Saving" No.2120-1 LRK of 25 December 1997 shall regulate public relations in the sphere of energy saving for the purpose of creating economic and organizational conditions for the effective utilization of fuel and energy resources and for the protection of environment.

The Law of the Republic of Kazakhstan "On Farming" No. 214-1 LRK of 31 March establishes the legal, organizational, and economic basis for the creation and functioning of farms in Kazakhstan.

The Law of the Republic of Kazakhstan "On Partnership with Limited and Other Responsibilities" No. 220 LRK of 22 April 1998, in line with the Civil Code, provides a legal definition of partnerships with limited and other responsibilities; obligations of participants; foundation procedures; activity; and reorganization and liquidation of partnerships.

The Law of the Republic of Kazakhstan "On Unfair Competition" No. 232-1 LRK adopted on 9 June 1998 provides a definition of unfair competition, defines a mechanism for preventing and eliminating unfair competition and its consequences, and also establishes responsibility for unfair actions.

The Law of the Republic of Kazakhstan "On Payments and Remittance" No. 232-1 LRK adopted on 9 June 1998 shall regulate the relations arising in the process of carrying out payments and money transfers in the Republic of Kazakhstan, apart from relations arising in connection with the carrying out of money transfers by organizations by post.

The relations related to payments and money transactions between the banks of the Republic of Kazakhstan, organizations which make different types of bank transactions and foreign banks (financial institutions) are regulated by agreements between them and traditional banking practice. If payments and transactions are made in the Republic of Kazakhstan, such relations shall be regulated by agreements and traditional banking practice pursuant to the Republic of Kazakhstan Law.

Natural monopolies in the Republic of Kazakhstan shall be regulated by the Law "On Natural Monopolies" No. 271-1 LRK of 9 July 1998. The Law was adopted to protect the interests of consumers and entities of natural monopolies.

The Law of the Republic of Kazakhstan "On Narcotic Products, Psychotropic Materials, Precursors and Measures against their Illegal Distribution and Abuse" of 10 July 1998 No. 278-1 LRK provides a legal basis for distribution of narcotics, psychotropic materials and precursors and establishes measures against their illegal distribution for the purpose of support and protection of human health and protection of public and state property.

The Law of the Republic of Kazakhstan "On Joint Stock Companies" of 10 July 1998 No. 281 provides a legal basis for the foundation, capitalization, reorganization and liquidation procedures for joint stock companies; defines rights, obligations, protection of rights and interests of shareholders and third parties; and also defines the powers and responsibilities of bodies and officials of joint stock companies.

Barter operations are permitted by the Government Resolution No. 483 of 27 May 1998 (1950984) "On Recognition of Certain Government Decrees as Void".

A. CHANGES IN VALUE ADDED TAX

In accordance with the Law of the Republic of Kazakhstan "On Introduction to Changes and Additions to the Edict of President of the Republic of Kazakhstan, having the force of Law, "On Taxes and Other Mandatory Payments to the Budget" 1998 No. 260 of 10 July 1998, turnover of import of livestock and poultry in live weight, meat, fish, flour, bread and bread products, pasta products, milk and milk products (except ice-cream), eggs, plant oil margarine, grouts, combined forage, sugar (including raw sugar), salt, vegetables, potato, baby food and diabetic food are subject to a 10 per cent rate.

This Law also provides that:

- the import of pharmaceuticals, including medicines – substances, including those also prepared by pharmacies, prosthesis- orthopedic wares, materials for the preparation of medical immune biological preparations for diagnosing, prophylaxis and/or treatment of infectious diseases shall be exempted from VAT;

- "double taxation" was eliminated for CIS countries (VAT paid in these countries was not taken into account), with which the Agreements on principles of charging indirect costs at the "place of destination" has not been signed;
- to prevent capital outflow through exportation of goods at lower prices and their re-sale at the world prices in off-shore countries, the difference between the cost of assets and retail price shall be included into the retailer's taxable income;

The "Agreement On Indirect Taxation of Exported and Imported Goods (Works, Services), According to Which VAT Shall be Collected at The Point of Destination" was ratified by the Governments of the Republic of Kazakhstan and Azerbaijan, and by the Law of the Republic of Kazakhstan No.239 of 29 June 1998.

The "Agreement On VAT on Exported and Imported Goods (Works, Services), According to Which VAT Shall be Collected at the Point of Destination" was ratified by the Governments of the Republic of Kazakhstan and the Kyrgyz Republic on 10 February 1997, and by the Law of the Republic of Kazakhstan No.276 of 9 July 1998.

B. CHANGES IN THE EXCISE TAXES

The Resolution No. 608 of 26 June 1998 introduced changes on excise taxes on excisable goods produced in the Republic of Kazakhstan and imported to the customs territory of the Republic of Kazakhstan.

1.1 According to the Presidential Decree of the Republic of Kazakhstan having the force of Law "On Taxes and Other Mandatory Payments to the Budget", the list of excisable goods was reduced and the following two items were excluded:

- clothes made of natural leather (code 4203);
- processed and non-processed fur, articles made of natural fur (codes 4301, 4302, 650692)

1.2 Excise taxes on production and import of production have been reduced with respect to the following four items:

- gold, silver and platinum jewelry (from 40 per cent to 10 per cent);
- crystal items (50 per cent to 0 per cent)
- fire- and gas arms (from 40 per cent to 10 per cent);
- cars (from 10-30 per cent to 10 per cent).

Due to the difficult economic situation in the oil industry and adverse external influence and according to the Republic of Kazakhstan Government Resolution "On Urgent Stabilization of Economic Situation in the Oil Industry", production and import excise rates for crude oil were reduced from 3 to 2 ECU per ton.

The excise rates (for 7 items out of 20) were reduced to mitigate the tax burden for the domestic producers and liberalize foreign trade.

II. MARKET ACCESS

A. TARIFF CHANGES

Resolution No. 608 dated June 26, 1998, introduced changes into the customs duty rates for the goods imported to the customs territory of the Republic of Kazakhstan.

1.1 The *ad-valorem* rates of customs duties were replaced by the combined rates for 26 articles.

1.2 The import customs duty rates for 93 articles were reduced.

The Agreement On Free Trade between the Republic of Kazakhstan, Tadjikistan and Uzbekistan has been ratified by Laws No. 170-1 of 28 October 1997, and No. 224, dated 8 May 1998.

The "Agreement On Exemption from Payment of Customs Duties and on Issues of Special Permits for the Transport of the Normative Documents, Standards, Measurements and Standard Sample Facilities, Conducted with the Purpose for Control and Metrological Qualifications" signed by the Heads of the Governments of Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, Russian Federation, Tadjikistan, Turkmenistan and Ukraine has been ratified by the Law of Republic of Kazakhstan of 31 October 1997.

The Agreement and its Protocol "On Import of Products Associated with Education, Science and Culture" were ratified by the Republic of Kazakhstan Law No. 197 of 1997.

Under the Agreement, a Party shall not pay customs duty and other fees for imported books, publications, documents, materials, associated with education, science and culture and enumerated in the appendices to the Agreement, which are the property of another Party.

This Agreement does not impede:

- (a) the imposition of local taxes and other collections on imported goods, which do not exceed the taxes and other collections imposed directly or indirectly on the similar domestic goods;
- (b) the imposition of collections other than customs duties which are imposed by State authorities in relation to imports, of which the amount is approximately limited by the cost of rendered services, which are neither direct nor indirect protection of domestic articles and are not import taxes for making profit.

B. NON - TARIFF MEASURES

For the purpose of implementation of the Presidential Decree of the Republic of Kazakhstan "On Implementation of Development Strategy of Kazakhstan to 2030" of 28 January 1998, and ensuring of the information safety of State authorities and organizations the Republic of Kazakhstan Government Decree No. 507 of 3 July 1998, "On Control of Observance of National Standards of Information Protection" was adopted.

Under the Government Decree of the Republic of Kazakhstan No. 543 of 16 July 1998 "On Regulation of Alcoholic Products in Circulation", alcoholic products containing more than 12 per cent of ethyl spirit, regardless of the natural volume, shall be sold by retailers who have stationary trading premises (halls) and cash-registers with fiscal memory.

III. SERVICES

The Law of the Republic of Kazakhstan of 12 November 1997 No. 188-LRK "On Legal Expertise" determines the procedure and bodies for the implementation of legal expertise activity in Kazakhstan. Bodies on legal expertise are the State bodies on which functions on implementation of the activity on legal expertise are imposed pursuant to the procedure, established by the legislation of the Republic of Kazakhstan.

This Law provides for licensing of legal expertise. Legal expertise may be carried out upon the request of the State body of a foreign state whom the Republic of Kazakhstan has an appropriate international agreement with.

The Leader of the Legal Expertise Body has the right to carry out legal expertise with attraction of legal experts from foreign countries. Legal expertise with the participation of an expert from a foreign country shall be carried out either in accordance with the Criminal and Procedural, Civil and Procedural Legislation or the Legislation of the Republic of Kazakhstan on Administrative Violations.

Law No. 195 "On Barristers' Activity" of 5 December 1997 determines the principles of organization and implementation of Bar activity in the territory of the Republic of Kazakhstan.

This Law has determined, that a Barrister who is a citizen of the Republic of Kazakhstan, obligatory being a member of a Bar Association, who professionally renders legal assistance within the framework of barristers' activity, that is regulated by the present Law.

The convention "On Recognition of Qualifications Related to High Education in European Region" has been ratified by the Law of the Republic of Kazakhstan No. 202-1 of 13 December 1997.

The Law of the Republic of Kazakhstan No.211 of 2 March 1998 "On Introduction of Amendments and Supplements to the Civil Code of the Republic of Kazakhstan (general part) and the Regulation of the Supreme Council of the Republic of Kazakhstan "On Introduction into Effect of the Civil Code of the Republic of Kazakhstan" has been amended with respect to the following issues:

- regulation of the relations related to the establishment, reorganization, bankruptcy and liquidation of banks;
- civil rights and obligations of a legal entity; property rights and of economic partnerships.

The following definition has been incorporated into the Law of the Republic of Kazakhstan No.238 of 29 June 1998 "On Introduction of Amendments of the Civil Code of the Republic of Kazakhstan (general part):

bankruptcy - insolvency of a debtor, determined by a court decision is a basis for its liquidation.

IV. INVESTMENTS

Agreements between the Government of the Republic of Kazakhstan and the Governments of the Kyrgyz Republic, Finland, Azerbaijan Republic, Georgia, India and the Swiss Federal Council "On Fostering and Mutual Protection of Investments" has been ratified.

In accordance with these agreements, the sides shall:

1. within their own territories ensure to the investors of the above countries the regime that is not less favorable than that which is provided to own investors or the investors of the third countries;
2. The above regime shall not extend to:
 - (a) privileges that one of the Contracting Parties grants to the investors of several countries in connection with joint participation in the Customs or Economic Unions of free trade;
 - (b) privileges that one of the Contracting Parties grants to the investors of several countries on the basis of an agreement on avoidance of double taxation or other agreements on tax issues.

A list of normative-legislative acts adopted from October 1997 to August 1998 in external economic area is attached.

LIST OF NORMATIVE-LEGISLATIVE ACTS OF THE REPUBLIC OF
KAZAKSTAN IN THE FIELD OF FOREIGN ECONOMIC ACTIVITY,
FOR THE PERIOD OCTOBER 1997 TO AUGUST 1998

Laws

1997

1. On Ratification of the Agreement on Free Trade between the Government of the Republic of Kazakhstan and Government of Tadjik Republic of 28 Octobers 1997.
2. On Ratification of the Agreement on the Fostering and Mutual Protection of Investment between the Government of the Republic of Kazakhstan and Government of the Kyrgyz Republic of 28 October, 1997.
3. On Joining of the Republic of Kazakhstan to the Montreal Protocol on Materials, Destroying of Ozone Layer of 3 October 1997.
4. On Joining of the Republic Kazakhstan to the Vienes Convention on Protection of Ozone Layer, of 3 October 1997.
5. On Ratification of the Agreement on the Fostering and Mutual Protection of Investment between the Government of the Republic of Kazakhstan and the Government of the Finland Republic, of 3 October 1997.
6. On Ratification of the Agreement on Release from Payment of Customs Duties, Taxes and Issues of Special Permits for the Transport of the Normative Documents, Standards, Measurements and Standard Sample Facilities, Conducted with the Purpose for Control and Metrological Qualifications, of 31 October 1997.
7. On Judicial Expertise, 12 November 1997.
8. On Barristers' Activity of 5 December 1997.
9. On Ratification of the Agreement and Protocol to on Importing the Products, Associated with Education, Science and Culture 5 December 1997.
10. On Ratification of the Agreement on the Fostering and Mutual Protection of Investment between the Government of the Republic of Kazakhstan and the Government of the Azerbaijan Republic of 5 December 1997.
11. On Ratification of the Agreement on the Fostering and Mutual Protection of Investment between the Government of the Republic of Kazakhstan and the Government of the Republic of Georgia of 5 December 1997.
12. On Ratification of the Convention on Acceptance of Qualifications, Referring to the High Education in the European Region of 13 December 1997.
13. On Energy Saving of 25 December 1997.

1998

1. On Introduction of Amendments and Additions to Civil Code of the Republic of Kazakhstan (General Part), to the Resolution of Supreme Soviet of the Republic of

Kazakstan on Introduction into Effect of Civil Code of the Republic of Kazakstan (General Part of 2 March 1998 No. 211-1).

2. On Farming of 31 March, 1998.
3. On Companies with Limited and Additional Liability of 22 April 1998.
4. On Ratification of the Agreement on Free Trade between the Government of the Republic of Kazakstan and Government of the Republic of Uzbekistan of 8 May 1998.
5. On Ratification of the Agreement on the Fostering and Mutual Protection of Investment between the Government of the Republic of Kazakstan and the Government of Republic of India of 8 May 1998.
6. On Ratification of the Agreement on Principles of Collection of Indirect Taxes on Export and Import of Goods (Work, Services) between the Government of the Republic of Kazakstan and the Government of the Republic of Uzbekistan of 8 May 1998.
7. On Ratification of the Agreement On The Fostering and Mutual Protection of Investment between the Government of the Republic of Kazakstan and Swiss Federal Council of 8 May 1998.
8. On Unfair Competition of 9 June 1998.
9. On Introduction the Amendments to the Civil Code of the Republic of Kazakstan (General Part) of 29 June 1998.
10. On Ratification of the Agreement on Principles of Collection of Indirect Taxes on Export and Import of Goods (Works, Services) between the Government of the Republic of Kazakstan and the Government of the Azerbaijan Republic of 29 June 1998.
11. On Payments and Money Transfers of 29 June 1998.
12. On Introduction the Changes and Additions to the Edict of President of the Republic of Kazakstan, having the force of Law, "On Taxes and Other Mandatory Payments to the Budget" of 7 July 1998.
13. On Introduction the Changes and Additions to the Edict of President of the Republic of Kazakstan, having the force of Law, On Taxes and Other Mandatory Payments to the Budget" of 10 July 1998.
14. On Ratification of the Agreement On Principles of Collection of the Value Added Tax on the Export and Import of Goods (Works, Services) between the Government of the Republic of Kazakstan and the Government of the Kyrgyz Republic of 10 July 1998.
15. On Natural Monopolies of 9 July 1998
16. On Recognition as Invalid of Several Legislative Acts of the Republic of Kazakstan Concerning Regulations Related to Precious Metals and Jewels of 9 July 1998.
17. On Introduction of Changes to Several Legislative Acts of the Republic of Kazakstan Concerning Regulations Related to Precious Metals.

18. On Narcotic Products, Psychotropic Materials, Precursors and Measures against their Illegal Distribution and Abuse of 10 July 1998.
19. On Introduction of the Additions to the Edict of the President of the Government of Kazakhstan, Having the Force of Law, "On Licensing" of 10 July 1993, of 9 July 1998.
20. On Join-Stock Companies of 10 July 1998.

Resolutions

1998

1. Resolution of the Government of the Republic of Kazakhstan "On Some Questions of Regulation of Export" of 24 February 1998 No. 130
 2. Resolution of the Government of the Republic of Kazakhstan "On Approval of the Agreement on the Cooperation and Mutual Help on the Maintenance of Tax Legislation between the Government of Republic of Kazakhstan and Government of the Azerbaijan Republic" of 9 April 1998 No. 307.
 3. Resolution of Government the Republic of Kazakhstan No. 483 from 27 May 1998. (I950984) "On Recognition as Invalid of Several Resolution of the Government".
 4. Resolution of the Government of Republic of Kazakhstan "On Control of Observance of National Standards of Information Protection" of 2 June 1998 No. 507.
 5. Resolution of Government Republic of Kazakhstan "On Regulation of Alcoholic Products in Circulation" of 16 June 1998 No. 543.
 6. Resolution of the Governments of Republic of Kazakhstan "On Approval the Rules of Licensing of Transportation of Passengers and Cargoes by the Rail Transport of the Republic of Kazakhstan" of 29 July 1998 No. 714.
 7. Resolution of the Government of the Republic of Kazakhstan "On Excise Taxes on Excisable Goods, Produced in the Republic of Kazakhstan and Imported to the Customs Territory of the Republic of Kazakhstan" of 26 June 1998 No. 608.
 8. Resolution of the Government of the Republic of Kazakhstan "On Urgent Stabilization of Economic Situation in the Oil Industry of the Republic of Kazakhstan" of 24 July 1998 No. 697.
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