

What are the challenges?

The Kazakh Government has passed legislation to encourage more local content in terms of projects, personnel, contracts, goods and services. Local content is determined by the ratio of costs of goods that are verified as being Kazakh and by the number of Kazakh nationals employed. In sectors such as subsoil contracts local content has actually been defined. You should take this into consideration while planning operations and activities in Kazakhstan.

There are a number of other challenges in Kazakhstan including the over-reliance of the economy on the extractive sector, heavy regulation when filing tax, obtaining credit or registering property; and the often incorrect implementation at local level, of new laws centred on business environment improvements.

Despite the benefits of the ease of starting a business in Kazakhstan, corruption remains a problem, with the country ranked 126th out of 175 in the Corruption Perceptions Index (CPI). For more information please visit the website to view the full CPI report: www.transparency.org/cpi2014/results

You should ensure that you take the necessary steps to comply with the requirements of the UK Bribery Act. It may even be necessary to put procedures in place in order to prevent bribery. For full details about the UK Bribery Act, please visit: www.gov.uk/government/publications/bribery-act-2010-guidance

The need to engage with foreign companies means that Kazakhstan presents an open market, but heavy bureaucracy and corruption applicable at operational level mean that in practice, doing business can be somewhat challenging. Also, acquiring good market intelligence and gaining contacts is not as straightforward as it may be in many other areas of the world. There can often be a suspicion of initial business approaches and tracking down the right people who are prepared to openly engage at an early stage can be very difficult, and experienced business partners can be difficult to find.

Companies will also be notably confronted by over-regulation on top of frequently changing regulations, a pressure to play a corporately responsible role, the necessity of permits for foreign workers, unannounced tax inspections and bureaucratic and difficult legal framework.

(Source – UKTI)

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