



## **On industrial policy**

### *Unofficial translation*

Law of the Republic of Kazakhstan dated December 27, 2021 № 86-VII LRK.

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This Law shall establish the fundamental principles of industrial policy and regulate social relations arising from the formation and implementation of industrial policy.

## **Chapter 1. GENERAL PROVISIONS**

### **Article 1. Basic concepts used in this Law**

The following basic concepts shall be used in this Law:

1) territorial cluster – a geographically concentrated group of interrelated and complementary organizations, which includes manufacturers, suppliers, scientific and research organizations, organizations of higher and (or) postgraduate education, organizations of technical and vocational education and other organizations with a certain industry specialization;

2) domestic value - the percentage of goods produced and works and services performed in the domestic market in the total volume of goods produced, work or services performed;

3) Industry 4.0 - organization of production, which provides for the integration of physical objects, processes and information and communication technologies, where real-time monitoring of physical processes shall be carried out, operational decisions are made, and technologies interact with each other and people;

4) innovation - the result of innovative activity put into use, which has been implemented in the form of a new or significantly improved product (goods, work or service), technology or process, a new marketing method or a new organizational method in business practice, organization of jobs or external relations, providing a competitive advantage;

5) innovative activity - activity (including intellectual, creative, scientific, scientific and technical, technological, industrial and innovative, info-communication, organizational, financial and (or) commercial activity) aimed at creating innovations;

6) the authorized body in the field of state support of innovation activities - the central executive body that manages the field of innovative and technological development, as well as, within the limits provided for by the legislation of the Republic of Kazakhstan, intersectoral coordination and participation in the implementation of state support for innovation activities;

7) counter obligations - mutual obligations of the industrial and innovative activity entity and the state, taken when providing measures of state stimulation of industry in accordance with this Law;

8) market capacity - a quantitative indicator that determines the maximum possible volume of the domestic market, production, import and export of industrial products;

9) industry - a branch of the economy, representing the types of economic activities related to the extraction of minerals, manufacturing, supply of electricity, gas and steam, air conditioning, water supply, sanitation, organization of collection and disposal of waste, as well as the elimination of pollution;

10) entities of activity in the field of the industry - individuals and (or) legal entities carrying out activities in the field of industry, as well as entities of industrial and innovative activities;

11) industrial and innovative project - a set of measures implemented over a certain period aimed at the transfer of technologies, the creation of new (improvement of existing) industries and (or) the implementation of innovative activities;

12) industrial and innovative system – an array of entities of the industrial and innovative system participating in the state stimulation of industrial and innovative activities, infrastructure and tools aimed at stimulating industry and supporting innovation in the Republic of Kazakhstan;

13) industrial and innovative activities - activities related to the implementation of industrial and innovative projects, taking into account environmental safety to increase labour productivity, promotion of domestic goods, works and services of the manufacturing industry to the domestic and (or) foreign markets;

14) entities of industrial and innovative activities - individuals and (or) legal entities, simple partnerships that implement industrial and innovative projects or carry out activities to promote domestic goods, works and services of the manufacturing industry to the domestic and (or) foreign markets;

15) subjects of the industrial-innovative system participating in state stimulation of industrial-innovative activities - a national management holding company created as part of measures to optimize the management system of development institutions, financial organizations and the development of the national economy, national development institutions , as well as an industrial development fund, authorized to implement government stimulation measures for industry;

16) industrial products - goods produced as a result of activities in the field of industry;

17) industrial policy - a system of economic, organizational and legal measures implemented by the state and aimed at stimulating and developing industry;

18) interdepartmental commission on industrial policy - a consultative and advisory body under the Government of the Republic of Kazakhstan, headed by the Deputy Prime Minister

of the Republic of Kazakhstan, created for interdepartmental coordination on the formation and implementation of industrial policy;

19) the authorized body in the field of state stimulation of industry - the central executive body exercising leadership in the field of industry, as well as, within the limits provided for by the legislation of the Republic of Kazakhstan, intersectoral coordination and participation in the implementation of state stimulation of industry;

20) state incentive measures for the industry - incentive measures applied by the state for the development of the manufacturing industry and industrial and innovative activities, carried out in accordance with this Law;

21) digital transformation of industry - the introduction of digital technologies into the business processes of enterprises, entailing significant changes in the business model of the enterprise;

22) manufacturing industry - a set of industries that are associated with the processing of raw materials, materials, substances, components for a new product (goods, including food products);

23) transfer of technologies - the process of introduction by entities of industrial and innovative activity of new or improved technologies, the rights of ownership, possession and (or) use of which shall be obtained in ways not prohibited by the laws of the Republic of Kazakhstan;

24) non-commodity export - export of goods of manufacturing industry and services.

**Footnote. Article 1, as amended by the Law of the Republic of Kazakhstan dated 30.12.2022 № 177-VII (shall enter into force upon expiry of ten calendar days after the day of its first official publication); dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).**

## **Article 2. Legislation of the Republic of Kazakhstan on industrial policy**

1. The legislation of the Republic of Kazakhstan on the industrial policy shall be based on the Constitution of the Republic of Kazakhstan, which consists of this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. If an international treaty ratified by the Republic of Kazakhstan establishes other rules than those provided for by this Law, then the rules of the international treaty shall apply.

## **Article 3. Purpose and objectives of industrial policy**

1. The purpose of the industrial policy shall be to ensure the sustainable development of the manufacturing industry by increasing the production of competitive, high-tech, export-oriented products and to depart from the raw material development model.

2. The objectives of the industrial policy shall be:

1) improving the welfare of the country's population by achieving the goals in the field of sustainable development of the industrial sector of the economy;

2) creation and development of modern infrastructure for the development of the manufacturing industry;

3) support for the effective implementation of innovations and the development of new high-tech industries;

4) diversifying the economy and increasing the competitiveness of industrial production, including through deepening processing, technical re-equipment of existing industries to increase labour productivity and reduce the negative impact on the environment;

5) creating a favourable industrial climate in the country and increasing the self-sufficiency of the national economy;

6) improving the investment climate and developing the export potential of domestic goods and services with high added value, as well as entering global value chains;

7) reduction of import dependence through the development of domestic production.

#### **Article 4. Principles of the industrial policy**

The industrial policy shall be based on the principles of:

1) growth in productivity, increasing the complexity and technological effectiveness of the economy, including by ensuring that state incentives for the industry are aimed at creating conditions for the production of goods of high levels of added value, development of innovations and digital transformation of industry;

2) adoption by the state of economically sound decisions that ensure the unity of industrial , innovation, investment, export, trade, scientific and technological, educational, tax, budgetary, monetary policies and social responsibility for them;

3) the leading role of private entrepreneurship in conditions of fair competition by providing an individual approach to the content of the industrial policy and the choice of tools for its implementation in industries and regions that have different operating conditions, structures and development potential;

4) publicity, targeting and transparency of measures of state stimulation of industry and equal access to them, while providing the necessary and sufficient tools that reflect the specifics of the state of individual industries, subjects;

5) fair distribution of benefits and responsibilities in the implementation of industrial policy, providing for the organizational unity of actions of different levels and management mechanisms;

6) balance of strategic interests of the state, society, industrial enterprises related to the functioning and development of the country's industry, the economy as a whole, the development of human capital;

7) systematic and long-term planning of measures of state incentives for industry to anticipate possible changes in the internal and external environment for the development of industry, determine its strategic position and reduce the negative impact on the environment;

8) the effectiveness of industrial policy through forecasting, needs assessment, market capacity analysis, use of risk management systems, resource planning, timing and development of effective response measures to changes.

#### **Article 5. Industrial development**

1. The implementation of the industrial policy shall ensure the industrial development of the country, based on increasing the competitiveness of the manufacturing industry, and systemic stimulation of entities of industrial and innovative activities that contribute to the modernization of industrial enterprises.

2. To inform about the state of the industry on the territory of the Republic of Kazakhstan and the measures taken by the Government of the Republic of Kazakhstan, the National Report on the State of Industry of the Republic of Kazakhstan (hereinafter referred to as the National Report) shall be annually submitted to the President of the Republic of Kazakhstan.

The national report shall be formed by the authorized body in the field of state stimulation of industry based on the results of an assessment of industrial development and an assessment of the effectiveness of the implementation of measures of state stimulation of industry.

Central state bodies and local executive bodies of regions, cities of republican significance and the capital annually, before March 1 of the year following the reporting year, shall provide information to the authorized body in the field of state stimulation of industry for inclusion in the National Report.

The National Report shall be the main tool for the formation of industrial policy, determined by the documents of the State Planning System in the Republic of Kazakhstan, the development of which shall be carried out by state bodies with the participation of local executive bodies of regions, cities of republican significance and the capital, representatives of business entities and society.

#### **Article 6. Instruments for the formation and implementation of industrial policy**

1. The formation of the industrial policy shall be carried out based on an assessment of industrial development.

The assessment of industrial development shall provide for the analysis of legal, economic, financial and other factors influencing the development of industry, and shall be carried out in accordance with the methodology for assessing industrial development.

2. Monitoring of the implementation of the industrial policy shall be carried out through the unified map of industrialization.

The unified map of industrialization is a set of industrial and innovative projects implemented by the entities of industrial and innovative activities.

General coordination on the unified map of industrialization shall be carried out by the authorized body in the field of state stimulation of industry together with state bodies responsible for the implementation of industrial and innovative projects, local executive bodies of regions, cities of republican significance and the capital.

Responsible state bodies, national managing holdings and local executive bodies of regions, cities of republican significance and the capital shall provide the authorized body in the field of state stimulation of industry with information on the implementation of industrial and innovative projects of the unified industrialization map every quarter.

3. The effectiveness of the implementation of measures of state incentives for the industry shall be assessed in accordance with the methodology for assessing the effectiveness of the implementation of measures of state incentives for industry, approved by the authorized body in the field of state stimulation of industry.

To assess the effectiveness of the implementation of measures of state incentives for industry, the authorized body in the field of state stimulation of industry shall develop and approve the forms intended for the collection of administrative data in the field of industry, in agreement with the authorized body in the field of state statistics.

The received administrative data shall not be disclosed to third parties without the consent of the entity of industrial and innovative activity, except for information on which there is a court decision that has entered into legal force, or in other cases established by the laws of the Republic of Kazakhstan.

#### **Article 7. Directions for the implementation of industrial policy**

Industrial policy in accordance with this Law shall be implemented in the following areas:

- 1) basic conditions for the development of the industry;
- 2) promotion to sales markets;
- 3) increasing the efficiency and competitiveness of the industry.

### **Chapter 2. BASIC CONDITIONS FOR THE DEVELOPMENT OF THE INDUSTRY Paragraph**

#### **1. State regulation in the field of industrial policy**

#### **Article 8. Competence of the Government of the Republic of Kazakhstan**

Government of the Republic of Kazakhstan shall:

- 1) develop the main directions of industrial policy and organize their implementation;
- 2) approves the list of national development institutions and other legal entities, fifty or more percent of voting shares (interest in the charter capital) of which directly or indirectly belong to the state, authorized to implement measures of state stimulation of industry;

3) to ensure the stability and sustainability of the development of the national economy, including its industrial and innovative components:

introduce measures of state incentives for industry, determine the procedure for application, and also cancel them;

introduce elements of industrial and innovative infrastructure, and also determine the procedure for their creation and functioning;

4) approve the rules for including industrial and innovative projects in the unified map of industrialization;

5) approve the rules for maintaining and using the national information system of industry of the Republic of Kazakhstan;

6) approve the list of functional and information services included in the national information system of industry of the Republic of Kazakhstan;

7) approve the list of organizations whose purchases of goods, works and services are subject to monitoring of in-country value;

8) perform other functions provided by the Constitution of the Republic of Kazakhstan, this Law, laws of the Republic of Kazakhstan and acts of the President of the Republic of Kazakhstan.

**Footnote. Article 8 as amended by the Law of the RK dated 30.12.2022 № 177-VII (shall enter into force from 08.01.2022); dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).**

### **Article 9. Competence of the authorized body in the field of state stimulation of industry**

The authorized body in the field of state stimulation of industry shall:

- 1) participate in the formation and implementation of industrial policy;
- 2) participate in the formation of a policy for the development of in-country value;
- 3) annually, by March 31, provide information to the Government of the Republic of Kazakhstan on the effectiveness of measures of state incentives for industry;
- 4) assess industrial development;
- 5) interact with sectoral state bodies of the Republic of Kazakhstan on industrial policy issues and coordinate their work;
- 6) develop and approve the rules for examining in-country value;
- 7) develop and approve the unified map of industrialization;
- 8) submit proposals to the authorized body in the field of state support of innovation activities to determine the priority areas for the provision of innovative grants;
- 9) develop a regulation on the interdepartmental commission on industrial policy and submit proposals to the Prime Minister of the Republic of Kazakhstan on the formation of its composition;
- 10) develop draft resolutions of the Government of the Republic of Kazakhstan, providing for:
  - introduction of measures of state stimulation of industry, determination of the procedure for application, as well as their abolition;
  - introduction of elements of industrial and innovative infrastructure, as well as determining the procedure for their creation and functioning;
- 11) develop rules for including industrial and innovative projects in the unified map of industrialization;
- 12) develop and approve the methodology for monitoring industrial and innovative projects of the unified map of industrialization;
- 13) develop and approve the rules for the formation and maintenance of a database of goods, works, services and their suppliers;
- 14) develop and approve the rules for the provision of state incentives for industry aimed at promoting domestic processed goods, works and services to the domestic market;

15) develop a list of national development institutions and other legal entities, fifty or more per cent of the voting shares (stakes in the authorized capital) of which are directly or indirectly owned by the state, authorized to implement measures of state stimulation of industry;

16) develop and approve the rules for the competitive selection of territorial clusters;

17) develop and approve the rules for the formation and maintenance of the register of territorial clusters;

18) form and maintain a register of territorial clusters;

19) develop and approve the rules for the provision of measures of state incentives for industry, aimed at increasing the productivity of the entities of industrial and innovative activities;

20) develop and approve the rules for providing measures of state incentives for the industry in the development of territorial clusters;

21) ensure the implementation of the documents of the State Planning System in the Republic of Kazakhstan within the competence;

22) develop and approve the rules and conditions for concluding, as well as the grounds for changing and terminating an agreement on the industrial assembly of agricultural machinery with legal entities of the Republic of Kazakhstan and its standard form;

23) develop and approve the rules and conditions for concluding, as well as the grounds for changing and terminating an agreement on the industrial assembly of vehicles with legal entities of the Republic of Kazakhstan and its standard form;

24) develop and approve the rules and conditions for concluding, as well as the grounds for changing and terminating an agreement on the industrial assembly of components for vehicles and (or) agricultural machinery with legal entities of the Republic of Kazakhstan and its standard form;

25) develop and approve the rules for granting industrial grants;

26) develop and approve the rules for concluding and terminating agreements to increase competitiveness;

27) develop and approve the rules for determining and applying counter obligations when providing measures of state incentives for industry;

28) develop and approve the list of priority goods;

29) develop and approve the rules for providing domestic raw materials to manufacturing enterprises;

30) develop the rules for maintaining and using the national information system of industry of the Republic of Kazakhstan;

31) develop the list of functional and information services included in the national information system of the industry of the Republic of Kazakhstan;

32) develop and approve the methodology for assessing industrial development;



33) coordinate the implementation of the policy on the digital transformation of industry and the implementation of Industry 4.0 by industrial entities;

34) coordinate the activities of other state bodies and organizations to develop the base of research and development work, human resources in the industry;

35) develop a list of organizations whose purchases of goods, works and services are subject to monitoring of in-country value;

36) develop and approve the rules for the development of the National report on the state of the industry of the Republic of Kazakhstan;

37) interact with the Eurasian Economic Commission on the formation and maintenance of the Eurasian register of industrial goods, taking into account the legislation of the Republic of Kazakhstan;

38) develop and approve the procedure for interaction with the Eurasian Economic Commission on the formation and maintenance of the Eurasian register of industrial goods, taking into account the legislation of the Republic of Kazakhstan;

39) regulate activities for the collection (procurement), storage, processing and sale of scrap and waste of non-ferrous and ferrous metals by:

establishing requirements for legal entities carrying out activities for the collection (procurement), storage, processing and sale of scrap and waste of non-ferrous and ferrous metals in a notification procedure;

determining the form and deadlines for reporting by legal entities engaged in the collection (procurement), storage, processing and sale of scrap and waste of non-ferrous and ferrous metals, on purchased and sold scrap and waste of non-ferrous and ferrous metals;

40) develop and approve the rules for planning and concluding contracts aimed at the development of industry, as well as monitoring their implementation;

41) promote the development of national systems of industrial cooperation and subcontracting, including through participation in international systems of industrial cooperation and subcontracting;

42) exercise other powers provided for by this Law, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

#### **Article 10. Competence of the authorized body in the field of regulation of foreign trade activities**

The authorized body in the field of regulation of foreign trade activity shall:

1) participate in the formation and implementation of industrial policy;

2) develop and approve the rules for reimbursement of part of the costs of entities of industrial and innovative activities for the promotion of domestic goods and services of the manufacturing industry, as well as information and communication services to foreign markets within the framework of accepted international obligations;

3) develop and approve the list of domestic goods and services of the manufacturing industry, as well as information and communication services, for which the costs of their promotion to foreign markets are partially reimbursed;

4) carry out, within the limits of its competence, the development and promotion of non-commodity exports;

5) interact with sectoral state bodies on the development and promotion of non-commodity exports and coordinate their work;

6) develops and approves the rules for subsidizing interest rates on loans issued and leasing transactions carried out by second-tier banks, the Development Bank of Kazakhstan, other legal entities engaged in leasing activities, foreign buyers of domestic high-tech goods and services of the manufacturing industry, which are subject to insurance by the Export Credit Agency of Kazakhstan, taking into account the accepted international obligations;

7) develop and approve measures to promote non-commodity exports, taking into account the accepted international obligations of the Republic of Kazakhstan;

8) develops and approves a list of domestic high-tech goods and services of the manufacturing industry for the purpose of subsidizing interest rates on loans issued and leasing transactions carried out by second-tier banks, the Development Bank of Kazakhstan, other legal entities engaged in leasing activities, foreign buyers of domestic high-tech goods and services of the manufacturing industry, which are subject to insurance by the Export Credit Agency of Kazakhstan;

9) exercise other powers provided for by this Law, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

**Footnote. Article 10 as amended by the Law of the Republic of Kazakhstan dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).**

### **Article 11. Competence of local executive bodies of regions, cities of republican significance and the capital**

Local executive bodies of regions, cities of republican significance and the capital shall:

1) participate in the formation and implementation of the industrial policy of the region;

2) provide methodological, consulting, practical and other assistance to elements of the industrial and innovative infrastructure, subjects of the industrial and innovative system participating in the state stimulation of industrial and innovative activities;

3) collect, analyze information on in-country value in the procurement of organizations according to the list of organizations, the purchase of goods, works and services which are subject to monitoring of in-country value, and provide it to the authorized body in the field of state stimulation of industry in the form and within the time limits established by the authorized body in the field of state stimulation of industry;

4) provide information to the authorized body in the field of state stimulation of industry on the implementation of measures of state stimulation of industry;

5) participate in the development of documents of the State Planning System in the Republic of Kazakhstan on industrial development;

6) report at the meetings of the interdepartmental commission on industrial policy on the industrial development of the region;

7) provide measures of state stimulation of industry in accordance with this Law;

8) carry out the coordination of the implementation of industrial and innovative projects within the framework of the unified map of industrialization and quarterly provide information to the authorized body in the field of state stimulation of industry;

9) develop measures to create conditions conducive to trading activities in accordance with Article 53 of this Law;

10) exercise in the interests of local government other powers assigned to local executive bodies of regions, cities of republican significance and the capital by the legislation of the Republic of Kazakhstan.

#### **Article 12. Competence of other state bodies**

State bodies within their competence shall:

1) participate in the formation and implementation of industrial policy;

2) provide information to the authorized bodies in the field of state stimulation of industry and state support for innovation activity on the implementation of measures of state stimulation of industry and support for innovation;

3) provide information on the promotion of non-commodity exports to the authorized body in the field of regulation of foreign trade activities;

4) develop, within their competence, measures to promote non-commodity exports, taking into account the international obligations of the Republic of Kazakhstan, and carry out its promotion;

5) ensure the implementation of documents of the State Planning System in the Republic of Kazakhstan;

6) exercise other powers provided for by this Law, other laws of the Republic of Kazakhstan, acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

#### **Article 13. Entities of the industrial and innovative system involved in state stimulation of industrial and innovative activities**

1. National Institute for Development in the field of stimulation of entities of industrial and innovative activity shall:

1) invest in the authorized capital of entities of industrial and innovative activities, as well as by establishing other legal entities to create new industrial and innovative projects, industrial and innovative projects aimed at modernizing (technical re-equipment) and expanding existing production facilities;

2) acquire rights (claims) on credits (loans) from national development institutions, second-tier banks and other legal entities, more than fifty per cent of voting shares (stakes in the authorized capital) of which directly or indirectly belong to national management holdings that sell and (or) participating in industrial and innovative projects;

3) develop and implement a set of measures for the financial and economic recovery of entities of industrial and innovative activity, as well as stimulation and restoration of economic activity and investment attractiveness of priority sectors of the economy:

debt restructuring;

investments in authorized capital;

search and attraction of strategic and institutional investors;

other types of incentives that contribute to the financial and economic recovery of entities of industrial and innovative activities, provided for by the legislation of the Republic of Kazakhstan.

2. National Development Institute for Industrial Development shall:

1) provide information, analytical and consulting services in the field of development of sectors of the economy, including the development of the manufacturing industry, industrial and innovative development of regions, digital transformation of industry and the introduction of Industry 4.0;

2) provide services to the authorized body in the field of state stimulation of industry for:

developing proposals for a list of priority goods;

maintenance of the unified map of industrialization;

providing industrial grants to recipients of state incentives for industry;

implementation of agreements to increase competitiveness;

analysis of the effectiveness of the implementation of state incentives for industry;

monitoring of counter-obligations, with the exception of monitoring of counter-obligations accepted by subjects of industrial and innovative activities when providing measures of state stimulation of industry through reimbursement of part of the costs of subjects of industrial and innovative activities to promote domestic goods and services of the manufacturing industry, as well as information and communication services to foreign markets within the framework of accepted international obligations, according to which the costs of their promotion to foreign markets are partially reimbursed;

conducting an assessment of industrial development;

development of recommendations for the digital transformation of industry and the implementation of Industry 4.0 by industrial entities, as well as support in the implementation of recommendations;

3) provide services for the provision of measures of state incentives for industry, aimed at increasing the productivity of the entities of industrial and innovative activities;

4) provide services for the provision of state incentives for the industry in the development of territorial clusters and support for the development of territorial clusters;

5) provide services for analytical and expert support of the activities of the interdepartmental commission on industrial policy;

6) provide services for the implementation of documents of the State Planning System in the Republic of Kazakhstan in the field of industrial and innovative activities, providing for the analysis of statistical information and data on the implementation of documents of the State Planning System in the Republic of Kazakhstan in the field of industrial and innovative activities received from state bodies and business entities, as well as the development of proposals and expert opinions;

7) monitor and analyze the creation of employment and the need for personnel in manufacturing enterprises.

3. National Development Institute in the field of development of in-country value shall:

1) form and maintain a database of goods, works, services and their suppliers;

2) provide information and analytical, consulting services in the field of development and monitoring of in-country value, including the examination of in-country value;

3) provide services to the authorized body in the field of state stimulation of industry for: providing measures of state incentives for industry aimed at promoting goods, works and services of entities of industrial and innovative activity on the domestic market;

service support for entities of industrial and innovative activities in the domestic market, including the maintenance of information systems designed to develop domestic value and purchase goods, works and services used in subsoil use operations;

4) be the centre of subcontracting.

Subcontracting refers to one of the forms of production (industrial) outsourcing used by industrial enterprises to optimize production activities.

4. As excluded by the Law of the Republic of Kazakhstan dated 30.12.2022 № 177-VII (shall enter into force upon expiry of ten calendar days after the day of its first official publication).

5. National Development Institute in the field of development and promotion of non-resource exports:

1) analyze foreign markets;

2) assist in the promotion of domestic goods and services of the manufacturing industry to foreign markets;

3) provide domestic exporters with information and consulting services on issues of increasing their competitiveness in foreign markets, searching for potential export markets and promoting their goods and services in foreign markets;

4) carry out activities to promote domestic goods and services of the manufacturing industry to foreign markets;

5) interact with domestic, foreign and international organizations on the promotion of domestic goods and services of the manufacturing industry to foreign markets;

6) create foreign representative offices and (or) appoint foreign representatives to promote domestic goods and services of the manufacturing industry to foreign markets;

7) carry out export trade and pre-export financing, insurance and reinsurance, guaranteeing transactions to promote non-primary exports in accordance with the laws of the Republic of Kazakhstan;

8) as excluded by the Law of the Republic of Kazakhstan dated 30.12.2022 № 177-VII ( shall enter into force from 08.01.2022);

9) develop and submit to the authorized body in the field of regulation of foreign trade activities proposals on the list of domestic high-tech goods and services of the manufacturing industry;

10) opens a current account with a second-tier bank - a resident of the Republic of Kazakhstan to manage funds allocated to reimburse part of the costs of subjects of industrial and innovative activities to promote domestic goods and services of the manufacturing industry, as well as information and communication services to foreign markets within the framework of accepted international obligations for which the costs of promoting them to foreign markets are partially reimbursed, on the basis of an agreement concluded between the authorized body in the field of regulation of foreign trade activities and the national development institute in the field of development and promotion of non-resource exports.

The balances of funds in the current account listed at the end of the financial year are not subject to return to the authorized body in the field of regulation of foreign trade activities and , accordingly, to the state budget, but are spent on reimbursement of part of the costs of subjects of industrial and innovative activities to promote domestic goods and services of the manufacturing industry, as well as information and communication services to foreign markets the next financial year;

10-1) provides services to the authorized body in the field of regulation of foreign trade activities in providing measures of state stimulation of industry by reimbursing part of the costs of subjects of industrial and innovative activities to promote domestic goods and services of the manufacturing industry, as well as information and communication services to foreign markets within the framework of accepted international obligations under which the costs of their promotion to foreign markets are partially reimbursed, in accordance with the rules for reimbursement of part of the costs of subjects of industrial and innovative activities to promote domestic goods and services of the manufacturing industry, as well as information and communication services to foreign markets within the framework of accepted international obligations;

10-2) monitors counter-obligations accepted by subjects of industrial and innovative activities when providing measures of state stimulation of industry by reimbursing part of the costs of subjects of industrial and innovative activities to promote domestic goods and services of the manufacturing industry, as well as information and communication services to foreign markets within the framework of accepted international obligations, according to

which the costs of their promotion to foreign markets are partially reimbursed, in accordance with the rules for reimbursement of part of the costs of subjects of industrial and innovative activities to promote domestic goods and services of the manufacturing industry, as well as information and communication services to foreign markets within the framework of accepted international obligations;

11) provide other measures of service support established by the laws of the Republic of Kazakhstan.

6. National management holding established as part of measures to optimize the management system of development institutions, financial organizations and the development of the national economy shall:

1) participate in the implementation of documents of the State Planning System in the Republic of Kazakhstan in the areas of state stimulation of industry and support for innovation;

2) provide methodological and consulting assistance to the entities of the industrial and innovative system participating in the state stimulation of industrial and innovative activities.

**Footnote. Article 13 as amended by the Law of the Republic of Kazakhstan dated 30.12.2022 № 177-VII (the procedure to entry into force, see Article 2); dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).**

#### **Article 14. Interdepartmental Commission on Industrial Policy**

1. The main objective of the interdepartmental commission on the industrial policy shall be to prepare recommendations and proposals for:

1) the formation of industrial policy in terms of determining its strategic priorities and key indicators;

2) increasing the competitiveness and efficiency of the industry;

3) conceptual approaches to the implementation of industrial policy in the manufacturing industry, including the cluster initiative;

4) introduction, cancellation and revision of measures of state incentives for industry;

5) introduction of elements of industrial and innovative infrastructure;

6) improvement of the industrial climate in the country;

7) promotion of innovative and technological development in the industry.

2. Interdepartmental commission on the industrial policy shall:

1) request and receive from the central state bodies, local executive bodies and other organizations the necessary information, documents and materials in the manner prescribed by the legislation of the Republic of Kazakhstan;

2) invite and also hear at its meetings officials of state bodies and other organizations that are not members of the interdepartmental commission on industrial policy;

3) create working and expert groups under the interdepartmental commission on industrial policy, provides methodological guidance to them;



4) approve the work plans of the interdepartmental commission on industrial policy, working and expert groups;

5) consider advisory documents of regulatory policy, draft laws, draft other regulatory legal acts and documents of the State planning system in the Republic of Kazakhstan affecting industrial policy issues;

6) adopt decisions on disagreements between state bodies on issues of industrial policy;

7) hear information on the implementation of the legislation of the Republic of Kazakhstan in the field of technical regulation, the field of standardization and ensuring the uniformity of measurements in the implementation of industrial policy;

8) prepare the position of the Government of the Republic of Kazakhstan, including the negotiating position of the Government of the Republic of Kazakhstan in international organizations, on issues of industrial policy;

9) hear reports from local executive bodies and other organizations on the implementation of industrial and innovative projects;

10) perform other functions in accordance with the legislation of the Republic of Kazakhstan.

**Footnote. Article 14 as amended by the Law of the RK dated 05.11.2022 № 157-VII ( shall enter into force from 01.01.2023).**

### **Article 15. Industrial Development Fund**

1. The Industrial Development Fund (hereinafter referred to as the Fund) shall be a joint-stock company, the controlling stake of which is owned by the state or a national managing holding.

2. The objectives of the fund shall be to provide financial support and stimulation of manufacturing enterprises and assistance in attracting external and internal investments in the economy of the Republic of Kazakhstan.

3. The objectives of the fund shall be:

1) financing of projects aimed at:

creation, modernization and expansion of domestic manufacturing enterprises and industrial infrastructure;

assistance in the promotion of domestic goods, works and services of the manufacturing industry;

improving the state of the environment, reducing emissions and discharges of pollutants, reducing greenhouse gas emissions, energy-saving and increasing the efficiency of the use of natural and secondary resources, as well as the development of "green" technologies in the manufacturing industry;

promoting the development of in-country value;

creation, modernization of industrial, energy and transport infrastructure and renewal of vehicles;



2) stimulating the economy of the Republic of Kazakhstan by issuing loans to legal entities, organizations engaged in leasing activities, as well as organizations engaged in certain types of banking operations;

3) other objectives in accordance with the legislation of the Republic of Kazakhstan, the documents of the State Planning System in the Republic of Kazakhstan and the charter of the fund.

4. To fulfil its objectives, the foundation, without an appropriate license, shall carry out: leasing activity;  
provision of loans in cash in the national currency on the terms of payment, urgency and repayment to legal entities-residents or non-residents;

other activities that do not contradict the legislation of the Republic of Kazakhstan.

5. Funding of the fund shall be carried out at the expense of:

budget funds;

funds received by the operator of extended obligations of producers (importers) in the form of a fee for organizing the collection, transportation, preparation for reuse, processing, neutralization and (or) disposal of waste in accordance with the environmental legislation of the Republic of Kazakhstan;

commercial, own and other means.

6. The operator of extended obligations of producers (importers) shall provide financing in the form of a loan to the fund for further financing of projects in the manufacturing industry aimed at improving the environment, in the manner and on the terms determined by the Government of the Republic of Kazakhstan.

Financing carried out by the operator of extended obligations of producers (importers) in accordance with part one of this paragraph shall not apply to banking and microfinance activities and does not require permits in accordance with the legislation of the Republic of Kazakhstan.

7. The Fund shall have the right to:

1) determine the policy of financing from own and borrowed extra-budgetary funds in accordance with the legislation of the Republic of Kazakhstan, documents of the State Planning System in the Republic of Kazakhstan and (or) internal acts of the fund;

2) attract experts and consultants to examine projects in the manufacturing industry;

3) place free funds, except for funds received from the state budget, in the domestic and foreign markets for financial instruments in accordance with the internal acts of the fund.

#### **Article 16. National information system of industry of the Republic of Kazakhstan**

1. The national information system of industry of the Republic of Kazakhstan (hereinafter for the purposes of this article - the System) shall be an information system that provides information on the state of development of the industry.

2. The goals of maintaining the system shall be to increase the efficiency of generating and exchanging information on the state of the industry, provide the subjects of activity in the

industry with up-to-date information to simplify the process of doing business, as well as provide complete and reliable information to state bodies for forecasting and making decisions on industrial policy.

3. The system shall contain information:

- 1) on the implementation of industrial policy;
- 2) on statistical data on the development of industries;
- 3) on the results of the development of areas related to production activities;
- 4) on implemented measures of state stimulation of industry;
- 5) on the implementation of industrial and innovative projects;

6) other information in accordance with the list of functional and information services included in the national information system of the industry of the Republic of Kazakhstan.

4. The creation, maintenance and operation of the system shall be carried out in accordance with the rules for maintaining and using the national information system of the industry of the Republic of Kazakhstan.

## **Paragraph 2. Industrial and innovative infrastructure**

### **Article 17. Industrial and innovative infrastructure**

Industrial innovation infrastructure shall consist of the following elements:

1) special economic zones regulated by the Law of the Republic of Kazakhstan "On special economic and industrial zones";

2) industrial zones regulated by the Law of the Republic of Kazakhstan "On special economic and industrial zones";

3) technology parks (hereinafter referred to as the Technoparks);

4) joint-stock investment funds of risky investment, regulated by the Law of the Republic of Kazakhstan "On investment and venture funds";

5) venture funds which are regulated by the Law of the Republic of Kazakhstan "On investment and venture funds";

6) technology commercialization centres;

7) design bureaus;

8) international technology transfer centres;

9) innovation clusters;

10) territorial clusters;

11) industry centres of technological competence;

12) other elements determined by the Government of the Republic of Kazakhstan based on recommendations and proposals of the interdepartmental commission on industrial policy in accordance with this Law.

### **Article 18. Technoparks**

1. Technopark shall be a legal entity created by an autonomous educational organization or individuals registered as individual entrepreneurs and (or) other legal entities or determined

by the Government of the Republic of Kazakhstan, owning on the right of ownership or other legal grounds a territory with a unified material and technical and (or) a property complex where favourable conditions are created for the implementation of industrial and innovative activities.

2. The main activity of technoparks shall be business incubation, which is the provision of services for the provision of premises, equipment, accounting, legal, information and consulting support, the attraction of investments, project management, as well as other services necessary for the implementation of industrial and innovative projects, including in the field of information and communication technologies. The rules for the provision of services to assist in the development of business incubation, as well as determining the cost of such services, except for services provided by the Astana Hub international technology park, shall be developed and approved by the authorized body in the field of state support for innovation.

### **Article 19. Technology commercialization centres**

1. Centres for the commercialization of technologies shall be legal entities, a structural or separate subdivision of a scientific organization, an organization of higher and (or) postgraduate education or an autonomous organization of education, carrying out activities related to the practical application of the results of scientific and (or) scientific and technical activities to bring to the market for new or improved goods, technologies, processes and services, aimed at obtaining a positive economic effect (commercialization of technologies).

2. The main activity of technology commercialization centres shall be the provision of a range of services for the commercialization of technologies, including the search and evaluation of technologies for commercialization, marketing research, the provision of consulting services in the field of intellectual property protection, the development of a technology commercialization strategy, the organization of interaction between scientific and (or) scientific-technical activities and private business entities to conclude agreements in the field of technology commercialization.

Methodological, consulting and other support provided by the legislation of the Republic of Kazakhstan for technology commercialization centres shall be provided by the National Development Institute in the field of innovative development.

3. Conducting fundamental and applied scientific research shall be carried out, including taking into account the needs of subjects of activity in the field of industry.

### **Article 20 Design bureaus**

1. Design bureau shall be a legal entity that owns a material and technical complex and was created to assist the entities of industrial and innovative activity in organizing the production of new or improved goods.

2. The main objective of design bureaus shall be to assist the entities of industrial and innovative activity in the creation of new or improved goods, including through the transfer of technologies, acquisition, adaptation, development of design and technological

documentation, its subsequent transfer on a reimbursable basis to the entities of industrial and innovative activity and provision of services necessary for organizing the production of goods based on it.

#### **Article 21. International Technology Transfer Centres**

International technology transfer centres shall be created by the national development institute in the field of innovative development to assist in the implementation of projects implemented by entities of industrial and innovative activity together with foreign partners.

#### **Article 22. Innovation clusters**

An innovation cluster shall be an association of participants in an innovation cluster, including scientific organizations, educational organizations, equity risk investment funds, venture funds, as well as individuals and (or) legal entities, designed to stimulate the industry and support innovation through interaction and sharing of available opportunities, exchange of knowledge and experience, research, effective technology transfer, sustainable partnerships and dissemination of information.

#### **Article 23. Territorial clusters**

1. The entities of industrial and innovative activities that are members of the territorial cluster shall interact with each other and with other organizations to increase the competitiveness of the goods, works and services produced, their promotion and technological re-equipment of production.

2. State stimulation of territorial clusters shall be aimed at:

- 1) creation of favourable conditions for the development of territorial clusters;
- 2) increasing the competitiveness of entities of industrial and innovative activity that are members of territorial clusters;
- 3) economic development of regions.

3. The state shall ensure the development of territorial clusters by providing measures of state incentives for industry, provided for in Article 40 of this Law.

In addition to that specified in part one of this paragraph, for the development of territorial clusters, the legislation of the Republic of Kazakhstan or documents of the State Planning System in the Republic of Kazakhstan provide for:

- 1) formation of directions and instruments of cluster policy;
- 2) provision of information and consulting, analytical and other services to entities of industrial and innovative activities that are members of territorial clusters;
- 3) diagnostics and promotion of cluster initiatives.

4. The National Development Institute in the field of industrial development shall carry out diagnostics of cluster initiatives in the regions, determining the level of development of clusters and their prospects, assessing the impact of territorial clusters on the economy of regions, industries, the country as a whole in accordance with the rules for the formation and maintenance of a register of territorial clusters.

#### **Article 24 Industry centres of technological competence**

Industry centres of technological competencies shall be legal entities determined by state bodies on the recommendation of the Technology Policy Council, provided for by the Entrepreneurial Code of the Republic of Kazakhstan, for technological development of the relevant industry, having experts with relevant industry and cross-sectoral competencies.

The main tasks of the industry centers of technological competencies shall be monitoring of global technological trends, determination of current conditions and competitive advantages for accelerated technological development, methodological support, support for digitalization, as well as the needs of private enterprises.

Industry centres of technological competence shall also ensure the continuity of the state technology policy and the institutional memory of the technological development of the industry.

**Footnote. Article 24 as amended by the Law of the Republic of Kazakhstan dated 14.07.2022 № 141-VII (shall enter into force upon expiry of ten calendar days after the day of its first official publication).**

### **Paragraph 3. State incentives for industry**

#### **Article 25. Conditions for state incentives for industry**

1. Measures of state stimulation of industry shall be determined in accordance with this Law.

The laws of the Republic of Kazakhstan may provide for other measures of state stimulation of industry and support for industrial entities.

2. State incentives for entities of industrial and innovative activities operating in the agro-industrial complex of the Republic of Kazakhstan shall be determined in accordance with the Law of the Republic of Kazakhstan "On state regulation of the development of the agro-industrial complex and rural areas".

3. Support for investment and innovation activities in the Republic of Kazakhstan shall be regulated by the Entrepreneur Code of the Republic of Kazakhstan.

4. The authorized body in the field of state stimulation of industry, other state bodies, as well as local executive bodies of regions, cities of republican significance and the capital, when developing, considering and agreeing on measures of state stimulation of industry, shall provide for the following criteria:

1) innovativeness - a focus on increasing the economic efficiency of activities by creating new or significantly improved products (goods, works or services), technologies or processes, taking into account their further implementation and ensuring environmental safety;

2) competitiveness - competitive advantages in comparison with similar industrial and innovative projects, expressed in low cost, high quality, growing demand and other properties of products, works and (or) services provided;

3) scale - the significance of the implementation of an industrial and innovative project for the industrial development of the Republic of Kazakhstan;

4) export orientation - the presence of the potential for sustainable export of manufactured products, works and (or) services provided to at least one foreign country;

5) labour productivity - the ratio of production volume and labour resources, working hours spent on production.

5. Measures of state incentives for the industry shall be provided to entities of industrial and innovative activity on the terms of:

the focus of the manufacturing industry on the production of goods included in the list of priority goods;

acceptance by the recipient of measures of state stimulation of the industry of counter obligations;

compliance of the entity of industrial and innovative activity and the documents submitted for obtaining measures of state incentives for the industry with the requirements established by regulatory legal acts regulating the procedure for granting measures of state incentives for industry.

6. The basis for refusal to provide measures of state incentives for the industry shall be non-compliance with the conditions specified in paragraph 5 of this Article.

7. The interaction of state bodies, local executive bodies, entities of the industrial and innovative system participating in the state stimulation of industrial and innovative activities, with the entities of industrial and innovative activities on the provision of measures of state incentives for the industry shall be carried out with the general coordination of the authorized body in the field of state stimulation of industry.

8. The provision of measures of state incentives for industry to entities of activity in the field of the industry shall be carried out within the framework of state support for entrepreneurship on the principle of "one-stop-shop" in accordance with the legislation of the Republic of Kazakhstan.

**Footnote. Article 25 as amended by the laws of the Republic of Kazakhstan dated 14.07.2022 № 141-VII (shall enter into force upon expiry of ten calendar days after the day of its first official publication); dated 30.12.2022 № 177-VII (shall enter into force upon expiry of ten calendar days after the day of its first official publication).**

## **Article 26. List of priority goods**

1. The list of priority goods shall include goods of medium and high levels of processing, the production of which determines the long-term competitiveness of the national economy.

2. The level of redistribution of goods shall be determined in accordance with the methodology for assessing the level of redistribution of goods for inclusion in the list of priority goods, approved by the authorized body in the field of state stimulation of industry, which shall provide for the following criteria:

the technological complexity of the goods produced;

export potential;

potential in the domestic market.

3. Measures of state incentives for the industry shall be provided to entities of industrial and innovative activity, exclusively focused on the production of products included in the list of priority goods.

4. To ensure the competitiveness of the manufacturing industry, according to the list of priority goods, work shall be carried out to attract investment.

#### **Article 27. Counter-obligations**

1. When providing measures of state stimulation of industry to entities of industrial and innovative activity, an agreement between the parties shall provide for the obligations of the state to provide measures of state stimulation of industry, and the recipient - to fulfil counter obligations.

2. The application of reciprocal obligations shall be carried out based on legality, transparency, equality, good faith and mutual responsibility of the state and entities of industrial and innovative activities and the prevention of corruption offences.

3. Counter-obligations shall be determined in accordance with the rules for determining and applying counter-obligations when providing measures of state incentives for industry, taking into account the type and volume of the state incentives for industry received, and are applied in aggregate or separately in the following areas:

increase in labour productivity;

increasing the production of export-oriented goods;

meeting the needs of the domestic market.

4. In case of non-fulfilment of counter obligations by the entities of industrial and innovative activity, the money received by them within the framework of measures of state stimulation of industry shall be returned, taking into account the achieved level of fulfilment of counter obligations and the base rate of the National Bank of the Republic of Kazakhstan in accordance with the rules for determining and applying counter obligations in the provision of measures government incentives for industry.

#### **Article 28. Agreement on increasing competitiveness**

1. An agreement on increasing competitiveness shall be an agreement concluded between the authorized body in the field of state stimulation of industry and the entity of industrial and innovative activity, reflecting the types and conditions for the provision of a set of measures of state stimulation of industry and the counter obligations assumed by the entity of industrial and innovative activity.

2. The procedure, and conditions for concluding and terminating an agreement on increasing competitiveness, as well as the conditions for taking a set of measures of state incentives for the industry shall be established by the rules for concluding and terminating agreements on increasing competitiveness.

3. Monitoring of the execution of the concluded agreement on increasing competitiveness shall be carried out by the authorized body in the field of state stimulation of industry.

4. It shall be prohibited to conclude an agreement on increasing competitiveness with an entity of industrial and innovative activity, with which such an agreement was previously concluded and which allowed non-fulfilment of counter obligations, except in cases where such non-fulfilment was due to circumstances beyond its control.

#### **Article 29. Measures of state incentives for industry**

Government measures to stimulate industry shall include:

- 1) financing, including co-financing of industrial and innovative projects, leasing financing;
- 2) provision of guarantee obligations and guarantees for loans;
- 3) lending through financial institutions;
- 4) subsidizing the interest rate on loans issued by financial institutions and coupon interest on bonds;
- 5) investment in authorized capital;
- 6) provision of engineering and communication infrastructure;

**Note!**

**This edition of subparagraph 7) is suspended until 29.06.2023 in accordance with Art. 68 of this Law. For the period of suspension, the subparagraph shall be valid as amended by subparagraph 1) of Article 68.**

- 7) provision of land plots;
- 8) stimulation in the domestic market;
- 9) development and promotion of exports of domestic goods and services of the manufacturing industry, assistance in their implementation;
- 10) stimulation of labour productivity increase;
- 11) stimulation of the development of territorial clusters;
- 12) debt restructuring;
- 13) provision of industrial grants;
- 14) other measures determined by the Government of the Republic of Kazakhstan based on recommendations and proposals of the interdepartmental commission on industrial policy in accordance with this Law.

#### **Article 30. Financing, including co-financing of industrial and innovative projects, leasing financing**

1. Financing, including co-financing of industrial and innovative projects, leasing financing of entities of industrial and innovative activities for the medium and long term, shall be carried out by the Development Bank of Kazakhstan, as well as other national development institutions determined by the Government of the Republic of Kazakhstan.

2. Financing, including co-financing, shall be carried out to create new industrial and innovative projects, as well as industrial and innovative projects in accordance with the list of



priority goods aimed at modernization (technical re-equipment, including the digital transformation of industry, the introduction of Industry 4.0 and digital technologies) and expansion of existing industries.

3. Conditions and mechanisms of financing, including co-financing of industrial and innovative projects, and leasing financing within the funds from the state budget shall be determined by the Government of the Republic of Kazakhstan.

#### **Article 31. Provision of guarantee obligations and guarantees for loans**

1. The provision of guarantee obligations and guarantees for loans shall be carried out by a financial agent, determined by the Government of the Republic of Kazakhstan, for loans from second-tier banks, issued to entities of industrial and innovative activities for the implementation of industrial and innovative projects.

2. The conditions and mechanisms for the provision of guarantee obligations and loan guarantees by a financial agent shall be determined by the Government of the Republic of Kazakhstan.

#### **Article 32. Lending through financial institutions**

1. Lending to entities of industrial and innovative activity shall be carried out by conditional placement of funds by a financial agent, determined by the Government of the Republic of Kazakhstan, in financial institutions.

2. Lending to entities of industrial and innovative activity shall be carried out for the implementation of industrial and innovative projects aimed at creating new industries, modernizing (technical re-equipment) and expanding existing industries, as well as the financial and economic recovery, improving and (or) restoring the investment attractiveness of existing and (or) idle industries, subject to their participation by providing their own movable or immovable property, including money.

3. Terms and mechanisms of lending through financial institutions shall be determined by the Government of the Republic of Kazakhstan.

#### **Article 33. Subsidizing the interest rate on loans issued by financial institutions and coupon interest on bonds**

1. Subsidizing the interest rate on loans issued by financial institutions and coupon interest on bonds of entities of industrial and innovative activity shall be carried out for the implementation of industrial and innovative projects aimed at creating new industries, modernizing (technical re-equipment) and expanding existing industries, as well as the financially economic recovery, improvement and (or) restoration of the investment attractiveness of existing and (or) idle industries, subject to their participation by providing their own movable or immovable property, including money.

Subsidizing the interest rate on loans issued by financial institutions and coupon interest on bonds for working capital replenishment shall not be carried out.

2. Subsidizing the interest rate on loans issued by financial institutions to entities of industrial and innovative activities, and coupon interest on bonds issued by entities of

industrial and innovative activities shall be carried out by a financial agent, determined by the Government of the Republic of Kazakhstan, for the implementation of industrial and innovative projects.

3. Conditions and mechanisms for subsidizing the interest rate on loans issued by financial institutions and coupon interest on bonds shall be determined by the Government of the Republic of Kazakhstan.

#### **Article 34. Investments in authorized capital**

1. Investments in the authorized capital of entities of industrial and innovative activity shall be carried out by national development institutions that provide state stimulation of industrial and innovative activity, and local executive bodies of regions, cities of republican significance and the capital, subject to the requirements provided for in Article 192 of the Entrepreneurial Code of the Republic of Kazakhstan, and compliance with industrial - innovation project under the following conditions:

1) increasing labour productivity and providing incentives for the development of priority sectors of the economy;

2) attractiveness in terms of predictive economic and financial parameters, the values of which shall be determined by internal documents regulating the investment policy of national development institutions that carry out state stimulation of industrial and innovative activities;

3) focus on building up technological potential, improving the quality and increasing the volume of production of goods and services, deepening the processing of raw materials and materials, and producing high-tech products.

2. The results of the investment activities of national development institutions that carry out state stimulation of industrial and innovative activities, and local executive bodies of regions, cities of republican significance and the capital shall be determined based on investment income in the context of all industrial and innovative projects.

3. The National Institute for Development in the field of stimulation of entities of industrial and innovative activity may invest in the authorized capital of entities of industrial and innovative activity in the following cases:

1) capital intensity and (or) long payback periods and (or) low profitability of industrial and innovative projects;

2) social significance of industrial and innovative projects in priority sectors of the economy.

#### **Article 35. Provision of engineering and communication infrastructure**

1. The provision of engineering and communication infrastructure for entities of industrial and innovative activity shall be carried out for:

1) creation of new competitive industries;

2) modernization (technical re-equipment) and expansion of existing industries.

2. The provision of engineering and communication infrastructure to the entities of industrial and innovative activities implementing industrial and innovative projects

corresponding to the areas provided for in paragraph 1 of this Article shall be carried out by allocating budget funds for the construction (reconstruction) of engineering and communication infrastructure.

3. The allocation of budgetary funds for the construction (reconstruction) of engineering and communication infrastructure shall be carried out in accordance with the budgetary legislation of the Republic of Kazakhstan.

**Note!**

**This version of Article 36 is suspended until 29.06.2023 in accordance with Art. 68 of this Law. For the period of suspension, the Article shall be valid as amended by subparagraph 2) of Article 68.**

**Article 36. Provision of land plots**

The provision of land plots to entities of industrial and innovative activity shall be carried out by allocating land plots on the right of temporary land use in accordance with the Land Code of the Republic of Kazakhstan.

**Article 37. Promotion in the domestic market**

1. Measures of state incentives for industry aimed at promoting domestic processed goods, works and services to the domestic market shall be carried out by the authorized body in the field of state stimulation of industry with the involvement of the national development institute in the field of development of domestic value in accordance with the rules for the provision of state incentives for industry aimed at to promote domestic processed goods, works and services to the domestic market.

2. The National Development Institute in the field of developing domestic value shall open a current account with a second-tier bank - a resident of the Republic of Kazakhstan to manage the funds allocated for the provision of state incentive measures for industry aimed at promoting domestic processed goods, works and services to the domestic market, based on an agreement concluded between the authorized body in the field of state stimulation of industry and the national development institution in the field of development of domestic value.

The balances on the current account, accruing at the end of the financial year, shall not be subject to return to the authorized body in the field of state stimulation of industry and, accordingly, to the state budget, but shall be spent on providing measures of state stimulation of industry aimed at promoting domestic processed goods, works and services on the domestic market, in the next financial year.

**Article 38. Development and promotion of exports of domestic goods and services of the manufacturing industry, assistance in their implementation**

1. The measures of state stimulation of industry are provided by the authorized body in the field of regulation of foreign trade activities with the involvement of the national development institute in the field of development and promotion of non-resource exports through:

1) reimbursement of part of the costs of entities of industrial and innovative activities for the promotion of domestic goods and services of the manufacturing industry to foreign markets in accordance with the rules for reimbursement of part of the costs of entities of industrial and innovative activities for the promotion of domestic goods and services of the manufacturing industry, as well as information and communication services to foreign markets within the framework of accepted international obligations;

2) subsidizing interest rates on loans issued and leasing transactions carried out by second-tier banks, the Development Bank of Kazakhstan, other legal entities engaged in leasing activities, foreign buyers of domestic high-tech goods and services of the manufacturing industry, which are subject to insurance by the Export Credit Agency of Kazakhstan;

3) the use of mechanisms for export trade financing, lending and insurance, reinsurance and guaranteeing transactions to promote non-commodity exports.

2. Subsidizing the interest rate on loans issued and leasing transactions made by second-tier banks, the Development Bank of Kazakhstan, other legal entities engaged in leasing activities, foreign buyers of domestic high-tech goods and services of the manufacturing industry shall be carried out by a financial agent determined by the Government of the Republic of Kazakhstan.

**Footnote. Article 38 as amended by the Law of the Republic of Kazakhstan dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).**

### **Article 39. Stimulation of labour productivity increase**

1. The provision of measures of state stimulation of industry, aimed at increasing the productivity of entities of industrial and innovative activity, shall be carried out by the authorized body in the field of state stimulation of industry with the involvement of the national development institute in the field of industrial development.

2. The provision of measures of state incentives for industry, aimed at increasing the productivity of the entities of industrial and innovative activity, shall be carried out at the following costs:

- 1) increasing the competence of employees;
- 2) introduction of digital technologies;
- 3) improvement of technological processes;
- 4) increasing the efficiency of the organization of production.

3. The National Institute for Development in the field of industrial development opens a current account in a second-tier bank - a resident of the Republic of Kazakhstan to manage the funds allocated for the provision of state incentives for industry aimed at increasing the labour productivity of entities of industrial and innovative activity, based on an agreement concluded between the authorized body in the field of state stimulation of industry and the national development institute in the field of industrial development.

## **Article 40. Stimulating the development of territorial clusters**

1. The provision of measures of state stimulation of industry in the development of territorial clusters shall be carried out by the authorized body in the field of state stimulation of industry with the involvement of the national development institute in the field of industrial development.

State incentives for territorial clusters shall be carried out based on the results of the competitive selection of territorial clusters and (or) in accordance with the register of territorial clusters.

2. The provision of measures of state incentives for the industry in the development of territorial clusters shall be carried out through cost recovery and (or) financing, and (or) co-financing of costs to support the functioning of the cluster organization and for the implementation of projects of territorial clusters and other measures of state stimulation of industry in the development of territorial clusters.

A cluster organization established in accordance with the legislation of the Republic of Kazakhstan, which provides methodological, organizational, expert, analytical and information support for the development of a territorial cluster, provides activities for the development and support of the implementation of a work plan for the development of a territorial cluster, organizing interaction between participants in a territorial cluster, as well as interested parties. organizations, including educational and scientific institutions, financial institutions and legal entities with state participation, development institutions and government bodies.

3. The National Development Institute in the field of industrial development opens a current account in a second-tier bank - a resident of the Republic of Kazakhstan to manage the funds allocated for the provision of state incentives for the industry in the development of territorial clusters, based on an agreement concluded between the authorized body in the field of state incentives for industry and the National Development Institute for Industrial Development.

## **Article 41. Debt restructuring**

1. Debt restructuring shall be carried out to expand the range of tools used for the financial and economic recovery of entities of industrial and innovative activity, as well as to improve and (or) restore the investment attractiveness of existing and (or) idle industries, launch production, provided they are involved in the implementation of industrial - an innovative project of additional financing from third parties and (or) provision of appropriate security in the form of own movable and (or) immovable property, including money.

2. Debt restructuring is possible by changing the payment schedule, terminating rights (claims) in whole or in part, cancelling of liquidated damages (fines, penalties), remuneration, including remuneration capitalized in the principal debt, investment growth, principal debt

and other receivables, changes terms and conditions of investment and (or) lending, and (or) financing, converting debt into authorized capital and in other ways provided for by the legislation of the Republic of Kazakhstan.

#### **Article 42. Provision of industrial grants**

1. An industrial grant refers to budgetary funds provided to entities of industrial and innovative activity of the manufacturing industry for the implementation of their industrial and innovative projects on a gratuitous basis and which are irrevocable, subject to the fulfilment of counter obligations. The provision of industrial grants shall be carried out by the authorized body in the field of state stimulation of industry with the involvement of the national development institute in the field of industrial development.

2. Industrial grants shall be provided to operating entities of industrial and innovative activities of the manufacturing industry through co-financing with the terms of mutual obligations for the implementation of industrial and innovative projects aimed at creating competitive products included in the list of priority goods.

3. When providing the industrial grants, an examination of the received applications shall be carried out in accordance with the rules for granting industrial grants.

The criteria for awarding industrial grants shall be established by the rules for awarding industrial grants.

4. The National Development Institute in the field of industrial development monitors the granted industrial grants to analyze the achievement of the planned goals for the industrial and innovative projects for which they were granted.

5. The National Institute for Development in the field of industrial development shall open a current account with a second-tier bank - a resident of the Republic of Kazakhstan to manage the funds allocated for the provision of industrial grants, based on an agreement concluded between the authorized body in the field of state stimulation of industry and the national development institution in the field industrial development.

The balances on the current account at the end of the financial year shall not be subject to return to the authorized body in the field of state stimulation of industry and, accordingly, to the state budget, but shall be spent on the provision of industrial grants in the next financial year.

### **Chapter 3. MARKET PROMOTION**

#### **Article 43. Promotion of domestic manufacturing enterprises to foreign markets**

1. The Ministry of Foreign Affairs of the Republic of Kazakhstan and foreign institutions, within their competence, shall protect the rights and interests of business entities in the field of the industry abroad, including assisting the authorized body in the field of regulation of foreign trade activities in promoting domestic goods and services of the manufacturing industry to foreign markets.

2. Service support for subjects of industrial and innovative activities to promote domestic goods and services of the manufacturing industry to foreign markets is provided by the authorized body in the field of regulation of foreign trade activities with the involvement of the national development institute in the field of development and promotion of non-resource exports through:

- 1) diagnostics of their export potential;
- 2) organizing and conducting trade missions, carrying out the exhibition and fair activities, promoting trademarks of domestic manufacturers abroad and organizing national stands of Kazakhstani manufacturers abroad;
- 3) raising the awareness of potential foreign buyers through the placement of information on domestic producers and their goods and services abroad on an ongoing basis;
- 4) providing information and analytical support on the development and promotion of exports of domestic goods and services of the manufacturing industry;
- 5) assistance in the promotion of domestic goods and services of the manufacturing industry to the international market of humanitarian aid;
- 6) other measures in accordance with the legislation of the Republic of Kazakhstan.

**Footnote. Article 43 as amended by the Law of the RK dated 30.12.2022 № 177-VII (shall enter into force from 08.01.2022); dated 23.01.2024 № 54-VIII (shall be enforced upon expiration of sixty calendar days after the day of its first official publication).**

#### **Article 44. Entry into global value chains**

1. Entry into global value chains shall be carried out through cooperation with transnational corporations, investors and their suppliers, as well as through the promotion of high value-added goods to foreign markets.

2. Authorized bodies in the field of regulation of foreign trade activities, state stimulation of industry, state support for innovation activities and the implementation of investment policy shall assist the entities of industrial and innovative activities in entering global value chains, including through the application of technical documentation for the production of new types of goods and global manufacturing franchises of the world's leading product-specific manufacturers.

#### **Article 45. Promoting interaction among industry stakeholders**

The state shall assist the interaction of entities of activity in the field of industry in the form of:

- 1) institutional support, which consists in the development of industrial development institutions to study problems and develop proposals for the development of the industry;
- 2) information support, which consists in information and analytical, educational and methodological, scientific and methodological support of subjects of activity in the field of industry.

State assistance to the interaction of business entities in the field of the industry provides for other types of support established by the legislation of the Republic of Kazakhstan.

## **Article 46. Treaties aimed at the development of industry**

1. Contracts aimed at the development of the industry shall be concluded in accordance with this Law through:

1) off-take contracts that shall provide for a long-term guaranteed purchase of manufacturing goods, including those purchased as part of the work performed and services provided, the production of which will be organized by the supplier and was not previously available;

2) contracts for contract procurement, which provide, in addition to the purchase of manufacturing goods, including those purchased as part of the work performed and services provided, essential conditions for investing part of the funds from the contract amount in the economy of the Republic of Kazakhstan, provided for by the terms of the purchase in accordance with Article 49 of this Law.

The rules for planning and concluding contracts aimed at the development of industry, as well as monitoring their execution, provide for standard requirements.

2. Customers under agreements aimed at the development of the industry are subsoil users engaged in the extraction of minerals, except for common minerals, as well as national managing holdings, national holdings, national companies and organizations, fifty or more per cent of voting shares (stakes in the charter capital) which are directly or indirectly owned by national managing holdings, national holdings, national companies, as well as social and entrepreneurial corporations, except for legal entities, fifty or more per cent of the voting shares (stakes in the authorized capital) of which are directly or indirectly owned by the national managing holding, national holding, national companies transferred to trust management of individuals or non-state legal entities with the right of subsequent redemption.

The provisions of this Article shall not apply to the National Welfare Fund and legal entities, fifty or more per cent of voting shares (stakes in the authorized capital) of which directly or indirectly belong to the National Wealth Fund based on ownership or trust management.

## **Article 47. The procedure for planning and concluding agreements aimed at the development of industry**

1. The National Development Institute in the field of industrial development, the authorized bodies in the field of hydrocarbons, solid minerals annually, by May 20, shall analyze the needs for the procurement of goods, works and services in accordance with plans and reports on the purchased goods, works and services of organizations provided for paragraph 2 of Article 46 of this Law, and send information to the authorized body in the field of state stimulation of industry.

2. The authorized body in the field of state incentives for industry, based on the information provided in accordance with paragraph 1 of this Article, annually, by May 30, shall form and (or) updates the list of manufacturing goods, including those purchased as part of the work carried out and the services provided necessary to meet the needs of the national



economy (hereinafter referred to as the List of goods), in the context of the types of contracts provided for in paragraph 1 of Article 46 of this Law, and send it to the authorized bodies in the field of hydrocarbons, solid minerals.

3. The authorized bodies in the field of hydrocarbons, and solid minerals shall agree with the customers on the list of goods and send agreed proposals to the authorized body in the field of state stimulation of industry annually by July 1.

The agreed proposals must contain information on the name of the customers, the name of the goods of the manufacturing industry and their volume, the expected duration of the contracts with the application of technical specifications and other information provided for by the rules for planning and concluding contracts aimed at developing the industry, as well as monitoring their execution.

4. The authorized body in the field of state stimulation of industry annually, before August 1, shall approve the list of goods and place it in the database of goods, works, services and their suppliers to inform potential suppliers.

5. Customers conclude off-take contracts and contract purchase agreements based on the approved list of goods in accordance with the rules for planning and concluding agreements aimed at developing the industry, as well as monitoring their execution.

#### **Article 48. Off-take contracts**

1. Under off-take contracts, the supplier shall undertake to organize the production of the relevant goods, including at the expense of funds received from the customer in accordance with the contract.

The concluded off-take contracts may be used as collateral in financial institutions, including second-tier banks and the Development Bank of Kazakhstan.

2. It shall be prohibited to unilaterally make changes to the concluded off-take contract to reduce the volume of purchases and reduce the price of goods.

Under a long-term off-take contract, the customer is obliged, subject to the supplier's proper fulfilment of the obligations established by such an agreement, to ensure acceptance and payment for goods in the amounts stipulated by such an agreement:

in the first year of the contract - 100%;

in the second and subsequent years of the agreement - in the amount of at least fifty per cent.

The obligations established by part two of this paragraph shall be calculated based on the volume of delivery of goods provided for by the contract for the corresponding calendar year.

3. The term of the off-take contract is determined by the contract.

4. The refusal of the customer to buy back the agreed volume of manufactured goods through no fault of the supplier provides for a penalty, the amount of which is determined in accordance with the rules for planning and concluding contracts aimed at developing the industry, as well as monitoring their execution.

5. Off-take contracts shall indicate specific names of goods, indicating their detailed technical characteristics, physical and (or) chemical properties, configuration, supply volumes for the entire duration of the contract, other information that allows you to uniquely identify the goods, as well as requirements for a minimum level of domestic values, obligations to develop a program to increase the indicator of in-country value.

#### **Article 49. Contract procurement agreements**

1. Contract procurement shall be carried out on the principles of an offset policy, provided that the amount of purchases of goods, works and services per year exceeds five hundred thousand times the monthly calculation index established by the law on the republican budget for the corresponding financial year.

2. In accordance with contract procurement, the supplier undertakes, in addition to the supply of goods, works and services, to fulfil additional conditions stipulated by the contract, including through the creation of joint production, which depend on the type of purchased products, such as:

1) direct investments (including investments in investment projects not directly related to the product supplier);

2) investment in research and development work;

3) creation of production facilities;

4) construction of specialized training centres, implementation of training and retraining programs for specialists of various fields for the Republic of Kazakhstan;

5) development of infrastructure for servicing the purchased goods;

6) transfer of technical documentation, licenses and other documents that ensure the transfer of technologies to the country;

7) other conditions in accordance with the rules for planning and concluding contracts aimed at the development of industry, as well as monitoring their execution.

The above conditions may be applied both individually and in combination, in monetary terms, they must be at least five per cent of the contract amount.

3. Failure by the supplier to fulfil its obligations under paragraph 2 of this Article shall entail the collection of a penalty and other legal consequences in accordance with the contract

#### **Article 50. Regulated procurement of industrial products**

1. Regulation of purchases of industrial products shall be carried out in accordance with the legislation of the Republic of Kazakhstan on public procurement, subsoil and subsoil use, informatization and other legislation of the Republic of Kazakhstan.

2. Regulated purchases of industrial products must be carried out taking into account the requirements of the national standards of the Republic of Kazakhstan.

#### **Article 51. Database of goods, works, services and their suppliers**

1. To ensure the self-sufficiency of the national economy, the authorized body in the field of state stimulation of industry, with the involvement of the national development institution

in the field of development of domestic value, forms and maintains a database of goods, works, services and their suppliers.

2. The database of goods, works, services and their suppliers shall provide a list of manufacturers and suppliers of goods, works and services that are Kazakhstani for use in the procurement of industrial products.

3. The database of goods, works, services and their suppliers shall be formed in accordance with the rules for the formation and maintenance of a database of goods, works, services and their suppliers.

4. Maintaining a database of goods, works, services and their suppliers shall provide for:

1) free registration of individuals registered as individual entrepreneurs and legal entities in the database of goods, works, services and their suppliers;

2) posting information about domestic producers and domestic suppliers of works and services on the Internet resource of the national development institute in the field of developing domestic value.

#### **Article 52. Import regulation**

Import regulation shall be carried out in accordance with the legislation of the Republic of Kazakhstan and international treaties ratified by the Republic of Kazakhstan, taking into account the requirements for ensuring the safety and quality of goods in accordance with the requirements of the legislation of the Republic of Kazakhstan.

To protect the economic interests of the Republic of Kazakhstan, constant monitoring of the prices of imported goods produced in the territory of the Republic of Kazakhstan shall be carried out.

#### **Article 53. Interaction between manufacturers of industrial products and subjects of domestic trade**

Local executive bodies shall develop measures to create conditions conducive to trade activities in the respective administrative-territorial units, including through the conclusion of relevant agreements with manufacturers of industrial products and domestic trade entities.

Regulation of trading activities shall be carried out in accordance with the Law of the Republic of Kazakhstan "On the regulation of trading activities".

### **Chapter 4. IMPROVING EFFICIENCY AND COMPETITIVENESS OF THE INDUSTRY**

#### **Paragraph 1. Systemic measures for the development of industry**

#### **Article 54. Increasing labour productivity**

The increase in labour productivity shall be carried out through:  
providing measures of state stimulation of industry, provided for in Article 29 of this Law

;

training and capacity building;

technological development of the manufacturing industry;

other measures determined by the Government of the Republic of Kazakhstan based on recommendations and proposals of the interdepartmental commission on industrial policy in accordance with this Law.

#### **Article 55. Training and human resources development**

1. Provision of entities of industrial and innovative activities with qualified human resources shall be carried out by placing a state educational order for the training of specialists for priority sectors of the economy.

The authorized bodies in the field of state stimulation of industry and state support of innovation activity, based on information provided by the entities of industrial and innovative activity on the needs for specialists, form proposals to determine the list of specialities that require training of specialists for priority sectors of the economy, and send them to the authorized body for employment population.

The authorized body in the field of education, based on the need for specialists in industrial and innovative activities, presented by the authorized body for employment issues, forms a state educational order for the training of specialists for priority sectors of the economy.

To strengthen the personnel potential of the industry and ensure compliance with production requirements, organizations of higher and (or) postgraduate education are updating educational programs.

2. The authorized body in the field of state stimulation of industry shall assist in the involvement of manufacturing enterprises in the process of organizing dual training, including assisting in the conclusion of tripartite agreements on dual training.

#### **Article 56. Technological development of the manufacturing industry**

1. To increase the level of technological development of manufacturing enterprises and their high-tech industries, in accordance with Chapter 23-1 of the Entrepreneurial Code of the Republic of Kazakhstan, technological platforms and industry centres of technological competencies are being created.

2. The technological platform is a complex consisting of interrelated and complementary elements of the educational, scientific and industrial-innovative infrastructure, subjects of scientific, scientific-technical, innovative and industrial activities necessary to ensure the continuous process of generating and improving technologies, training personnel, implementing innovative projects and (or) tools for communication and market-oriented coordination of private business entities, scientific organizations, educational organizations, government bodies, organizations of the quasi-public sector for technological development of the manufacturing industry.

3. Industry centres of technological competence should accumulate the relevant knowledge, skills, and experience to develop a vision for the integrated technological development of the manufacturing industry, as well as provide institutional memory for its implementation by attracting experts with relevant industry and intersectoral competencies.

4. The definition of industrial centres of technological competence shall be approved at a meeting of the Technology Policy Council in accordance with Chapter 23-1 of the Entrepreneurial Code of the Republic of Kazakhstan.

5. For the technological development of the manufacturing industry, in addition to that provided for in this article, the digital transformation of industry, the introduction of Industry 4.0 and digital technologies are being stimulated.

#### **Article 57. Commercialization of the results of scientific and (or) scientific and technical activities in the industry**

To commercialize the results of scientific and (or) scientific and technical activities in industry, as well as to ensure the technological modernization of industrial entities, the authorized body in the field of state stimulation of industry shall collect the information on the needs of industrial entities in scientific research and development. The specified information shall be sent by the authorized body in the field of state stimulation of industry for placement on the Internet resource of the authorized body in the field of science and periodicals to attract scientific organizations to carry out scientific research and development.

#### **Article 58. Technical regulation and standardization of products in the manufacturing industry**

1. A tool for ensuring the safety and quality of industrial products, eliminating technical barriers to trade and increasing the competitiveness of domestic products shall be the system of technical regulation and standardization.

2. The priorities of industrial policy in the field of technical regulation and standardization shall be:

1) improving the use of the scientific and technical potential of entities of industrial and innovative activity;

2) increasing the competitiveness of manufactured goods;

3) removal of existing barriers to trade;

4) cost reduction in the implementation of international trade;

5) the entry of manufactured goods, works and services into new markets and the strengthening of the position in the developed markets.

#### **Article 59. Attraction of investments in the industry**

As part of attracting investments in the industry, state bodies and organizations within their competence shall carry out:

1) search and conduct negotiations with potential investors, including foreign ones, to attract them to participate in the implementation of industrial and innovative projects;

2) attracting entities of industrial and innovative activity to participate in business forums, conferences and seminars on investment topics;

3) dissemination of information about industrial and innovative projects in the media, including foreign ones, through foreign missions, as well as through foreign diplomatic and equivalent representations and consular offices in the territory of the Republic of Kazakhstan;

4) encouraging existing investors to reinvest;

5) attracting investors, including foreign ones, to create joint ventures;

6) attracting transnational corporations to enter global value chains.

#### **Article 60. Provision of domestic raw materials for manufacturing enterprises**

1. Measures aimed at providing domestic raw materials shall be provided to entities of industrial and innovative activity focused on the production of products included in the list of priority goods, in accordance with the rules for providing manufacturing enterprises with domestic raw materials.

2. The application of measures aimed at providing domestic raw materials shall be carried out based on the principles of balancing the interests of producers and processors of raw materials, increasing the volume of production, expanding the range of products, preventing the further resale of the domestic raw materials realized under the agreement on providing domestic raw materials to manufacturing enterprises of domestic raw materials by third parties. persons.

3. The rules for the provision of domestic raw materials to manufacturing enterprises shall provide for the conclusion of agreements on the provision of domestic raw materials to manufacturing enterprises between producers of domestic raw materials and entities of industrial and innovative activity with the participation of the authorized body in the field of state stimulation of industry based on a standard agreement.

The form of a standard agreement shall be approved by the rules for the provision of domestic raw materials to manufacturing enterprises.

Agreements on the provision of domestic raw materials to manufacturing enterprises are concluded based on special competitive pricing.

4. Enterprises participating in the agreement on the provision of domestic raw materials to manufacturing enterprises assume the obligations stipulated by the rules for the provision of domestic raw materials to manufacturing enterprises.

5. Monitoring of the implementation of agreements on the provision of domestic raw materials to manufacturing enterprises shall be carried out by the authorized body in the field of state stimulation of industry.

#### **Article 61. Other ways to provide raw materials for manufacturing enterprises**

1. The Government of the Republic of Kazakhstan shall conduct negotiations with the governments of foreign states on the issues of counter deliveries of products by economic entities of the Republic of Kazakhstan and foreign states on mutually beneficial terms.

2. The Government of the Republic of Kazakhstan shall negotiate with the governments of the member states of the Eurasian Economic Union on the possibility of providing raw materials to domestic manufacturing enterprises implementing the state order or the state defence order, at the internal price of the member states.

#### **Paragraph 2. Development of industries**

#### **Article 62. Agreement on industrial assembly**

1. To stimulate the development of the production of vehicles and (or) their components, agricultural machinery and (or) its components, the authorized body in the field of state stimulation of industry shall conclude with legal entities of the Republic of Kazakhstan an agreement on the industrial assembly of vehicles, an agreement on the industrial assembly of agricultural machinery, an agreement on the industrial assembly of components for vehicles and (or) agricultural machinery in accordance with standard forms.

The existence of a concluded agreement on industrial assembly shall be the basis for providing investment preferences to manufacturers of vehicles and (or) their components, as well as agricultural machinery and (or) its components, who have concluded a special investment contract in accordance with the Entrepreneurial Code of the Republic of Kazakhstan. Within the framework of the concluded agreement on industrial assembly, counter obligations are provided in accordance with Article 27 of this Law for manufacturers of vehicles, agricultural machinery, as well as their components.

2. The conclusion of one of the agreements provided for by part one of paragraph 1 of this Article shall be a confirmation that the legal entity of the Republic of Kazakhstan is an industrial actor in the field of production of vehicles and (or) their components, agricultural machinery and (or) its components.

3. To control compliance with the conditions established for the conclusion of agreements and the requirements determined by the agreements provided for in part one of paragraph 1 of this Article, the authorized body in the field of state stimulation of industry shall verify the compliance of the legal entity of the Republic of Kazakhstan with the conditions for concluding agreements and fulfilling its obligations in accordance with under such agreements.

4. In case of detection of violations in terms of non-fulfilment or improper fulfilment by a legal entity of the Republic of Kazakhstan of the requirements of one of the agreements listed in part one of paragraph 1 of this Article, the authorized body in the field of state stimulation of industry, if the identified violations are not eliminated within three months from the date of notification, shall terminate the agreement unilaterally in accordance with the civil legislation of the Republic of Kazakhstan.

5. The entities of activity in the field of industry, who have concluded an agreement on industrial assembly and are manufacturers or authorized representatives of vehicle manufacturers, have the right to recall a technically complex product (goods) at the initiative of the manufacturer and to improve the quality of service maintenance of vehicles on the territory of the Republic of Kazakhstan.

For the purposes of this paragraph, recall of a technically complex product (goods) means a recall campaign conducted on the initiative and at the expense of the manufacturer or its authorized representative in accordance with the legislation of the Republic of Kazakhstan to eliminate a defect or manufacturing defect found in a certain batch of technically complex goods (products) after their release or to improve the characteristics of technically complex

goods (products), which includes notification of buyers and repair of technically complex goods (products) provided to him.

6. The agreements provided for by part one of paragraph 1 of this Article shall include the obligations of a legal entity of the Republic of Kazakhstan to reimburse the benefits granted from the date of conclusion of the agreement under the relevant code of the unified Commodity Nomenclature for Foreign Economic Activity of the Eurasian Economic Union ( hereinafter referred to as FEA CN) in accordance with the legislation of the Republic of Kazakhstan with the termination of the agreement due to non-fulfilment or improper fulfilment by this legal entity of the requirements of the agreement.

Notes. For the purposes of this paragraph:

a vehicle shall refer to a device, including a technically complex product (goods), designed to transport people, goods or equipment installed on it, except for agricultural machinery;

agricultural machinery shall refer to a technical means, including a technically complex product (product), designed to increase labour productivity in agriculture by mechanizing and automating individual operations or technological processes;

a component for a vehicle shall refer to an integral part of the vehicle structure, a part, an assembly, a component product, a material, chemical, paint and varnish products and other components necessary for the production of a vehicle;

for agricultural machinery shall refer to an integral part of the design of agricultural machinery, a part, assembly, component, material, chemical, paint and varnish products and other components necessary for the production of agricultural machinery.

### **Article 63. Agreement on the industrial assembly of vehicles**

1. An agreement on the industrial assembly of vehicles, except for the FEA CN codes of truck tractors, buses, special equipment, cars and trucks, is concluded with legal entities of the Republic of Kazakhstan according to the FEA CN codes in accordance with the rules and conditions for concluding such agreements, provided for in subparagraph 23) Article 9 of this Law.

2. An agreement on the industrial assembly of vehicles under the FEA CN codes of truck tractors, buses, special equipment, cars and trucks with legal entities of the Republic of Kazakhstan is concluded in accordance with the rules and conditions for concluding such agreements provided for in subparagraph 23) of Article 9 of this Law, after fulfilment of the initial requirements of the scoring system for assessing localization, which includes the use of technological equipment and the fulfilment of the following conditions:

1) organization at the enterprise of technological operations for welding, painting ( including cataphoresis for passenger cars) and assembling the body (cabin) of at least one model for each manufactured vehicle brand in the production of two or more vehicle brands and at least two models in the production of only one brand of a vehicle at the enterprise - concerning cars, at least one model - concerning truck tractors, buses, special equipment and



trucks according to the relevant FEA CN code with the production capacity of the enterprise in the two-shift operation of at least twenty-five thousand per year - for passenger cars, at least ten thousand per year - for truck tractors, special equipment and trucks, at least one thousand two hundred per year - for buses;

2) the presence of production assets on the balance sheet of an enterprise or a leasing company, including leasing assets used in the implementation of industrial assembly, in the amount of at least eighteen million times the monthly calculation index established by the law on the republican budget for the corresponding financial year - concerning cars, at least three million five hundred thousand times the monthly calculation index established by the law on the republican budget for the corresponding financial year - concerning truck tractors, buses, special equipment and trucks.

3. When fulfilling the previously accepted conditions and obligations of an agreement (multilateral agreement) on the industrial assembly of motor vehicles, including the performance of technological operations for welding and painting, it is allowed to conclude a multilateral agreement on the industrial assembly of vehicles within the framework of an agreement concluded with one of the legal entities of the Republic of Kazakhstan in the manner prescribed by the rules and conditions for concluding such agreements, provided for in subparagraph 23) of Article 9 of this Law, except for a multilateral agreement on the industrial assembly of vehicles according to the HS codes of passenger cars.

The agreements to be concluded are subject to the requirements of a scoring system for assessing localization in accordance with the rules and conditions for concluding such agreements, provided for in subparagraph 23) of Article 9 of this Law.

4. The execution by a legal entity of the Republic of Kazakhstan of the concluded agreement on the industrial assembly of vehicles according to the FEA CN codes of truck tractors, buses, special equipment, cars and trucks provides such legal entities with the opportunity to conclude long-term contracts on public procurement of goods in accordance with the legislation of the Republic of Kazakhstan on state procurement, as well as contracts aimed at the development of industry, provided for by this Law.

#### **Article 64. Agreement on the industrial assembly of agricultural machinery**

1. An agreement on the industrial assembly of agricultural machinery under the FEA CN codes of tractors, combine harvesters and forage harvesters with legal entities of the Republic of Kazakhstan shall be concluded in accordance with the rules and conditions for concluding such agreements provided for in subparagraph 22) of Article 9 of this Law, subject to the following conditions:

1) implementation of manufacturing operations, including cutting, bending of blanks, welding, assembly and painting;

2) the presence of production assets on the balance sheet of an enterprise or a leasing company, including leasing assets used in the implementation of industrial assembly, in the

amount of at least five hundred thousand times the monthly calculation index established by the law on the republican budget for the corresponding financial year.

2. An agreement on the industrial assembly of agricultural machinery, except for the FEA CN codes of tractors, grain harvesters and forage harvesters, with legal entities of the Republic of Kazakhstan, shall be concluded in accordance with the rules and conditions for concluding such agreements provided for in subparagraph 22) of Article 9 of this Law, subject to the following conditions:

1) carrying out manufacturing operations, including cutting, bending blanks, welding, assembly and painting, if any, in the design of agricultural machinery;

2) the presence of production assets on the balance sheet of an enterprise or a leasing company, including leasing assets used in the implementation of industrial assembly, in the amount of at least one hundred thousand times the monthly calculation index established by the law on the republican budget for the corresponding financial year.

#### **Article 65. Provision of incentive measures under an industrial assembly agreement**

1. Providing investment preferences for a special investment project in accordance with Article 286 of the Entrepreneurial Code of the Republic of Kazakhstan, stimulating the production in the Republic of Kazakhstan of environmentally friendly motor vehicles (corresponding to the environmental class established by the technical regulation of the Eurasian Economic Union; with electric motors) and their components, as well as self-propelled agricultural machinery that meets the environmental requirements defined by the technical regulations in accordance with the environmental legislation of the Republic of Kazakhstan in relation to vehicles and (or) their components, agricultural machinery and (or) its components for each unit produced, the conclusion of long-term contracts for public procurement of goods in accordance with the legislation of the Republic of Kazakhstan on public procurement, taking into account the law of the Eurasian Economic Union, obtaining other measures aimed at to stimulate the development of production, manufacturers of vehicles, agricultural machinery, as well as their components are allowed only if the legal entity of the Republic of Kazakhstan has an appropriate agreement on the industrial assembly of vehicles and (or) their components, agricultural machinery and (or) its components.

2. The scope of support measures provided to legal entities of the Republic of Kazakhstan with which agreements on the industrial assembly of vehicles are concluded in accordance with Article 63 of this Law shall be determined based on a scoring system for assessing localization in accordance with the rules and conditions for concluding agreements on the industrial assembly of vehicles, provided for in subparagraph 23) of Article 9 of this Law.

#### **Article 66. Measures to reduce the carbon footprint**

To achieve carbon neutrality by popularizing goods with a low carbon footprint, including those powered by hydrogen, the authorized bodies in the field of state incentives for industry and environmental protection shall take measures to reduce the carbon footprint, which may include the following areas: expanding the production of such goods, stimulating the

acquisition of goods, including in accordance with the legislation of the Republic of Kazakhstan on public procurement, increasing the attractiveness of their operation and other measures provided for by the legislation of the Republic of Kazakhstan.

## **Chapter 5. FINAL AND TRANSITIONAL PROVISIONS**

### **Article 67. Responsibility for violation of the legislation of the Republic of Kazakhstan on industrial policy**

Violation of the legislation of the Republic of Kazakhstan on the industrial policy shall entail liability established by the laws of the Republic of Kazakhstan.

### **Article 68. Transitional provisions**

Suspend until June 29, 2023:

1) subparagraph 7) of Article 29 of this Law, having established that during the period of suspension this subparagraph is valid in the following wording:

"7) provision of land plots and subsoil use rights;"

2) Article 36 of this Law, having established that during the period of suspension this Article shall be in effect in the following wording:

"Article 36. Provision of land plots and subsoil use rights

Provision of land plots and subsoil use rights to entities of industrial and innovative activity shall be carried out through:

1) allocation of land plots on the right of temporary land use in accordance with the Land Code of the Republic of Kazakhstan;

2) granting the right to subsoil use for carrying out operations for the exploration or production of solid minerals related to production activities (technological cycle), in the manner prescribed by the Code of the Republic of Kazakhstan "On Subsoil and Subsoil Use".  
"

### **Article 69. Procedure for the entry into effect of this Law**

This Law shall come into effect upon the expiry of ten calendar days after the day of its first official publication, except for:

1) subparagraph 39) of Article 9, which shall come into effect upon the expiration of sixty calendar days after the day of its first official publication;

2) Article 18, which shall come into effect on July 1, 2022.

*President of the  
Republic of Kazakhstan*

*K. TOKYAEV*