

KAZAKHSTAN

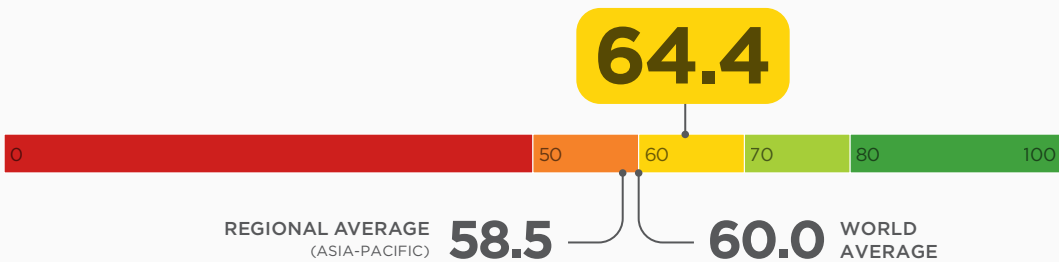
Kazakhstan's economic freedom score is 64.4, making its economy the 64th freest in the 2022 *Index*. Kazakhstan is ranked 11th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Kazakhstan's economy expanded from 2017 through 2019, contracted in 2020, and resumed growth in 2021. Its level of economic freedom fluctuated over the same five years before taking a decidedly negative turn this year. Dragged down by sharply lower scores for **judicial effectiveness**, **business freedom**, and **labor freedom**, Kazakhstan has recorded a 4.6-point overall loss of economic freedom since 2017 and has fallen to the lower half of the "Moderately Free" category. Fiscal health is strong, but **government integrity**, **investment freedom**, and **financial freedom** are weak.

IMPACT OF COVID-19: As of December 1, 2021, 17,856 deaths had been attributed to the pandemic in Kazakhstan, and the government's response to the crisis ranked 16th among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.6 percent in 2020.

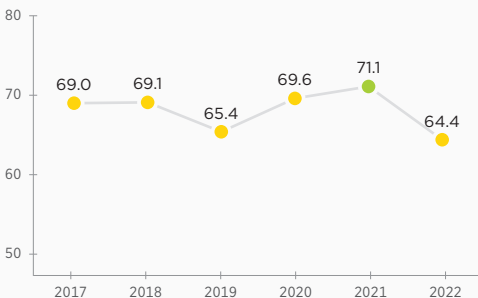


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +22.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
18.8 million

GDP (PPP):
\$501.3 billion
-2.6% growth in 2020
5-year compound annual growth 2.2%
\$26,565 per capita

UNEMPLOYMENT:
6.1%

INFLATION (CPI):
6.8%

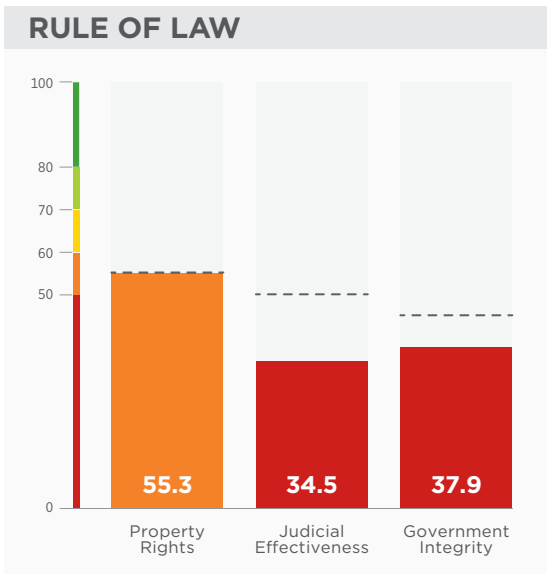
FDI INFLOW:
\$3.9 billion

PUBLIC DEBT:
27.4% of GDP

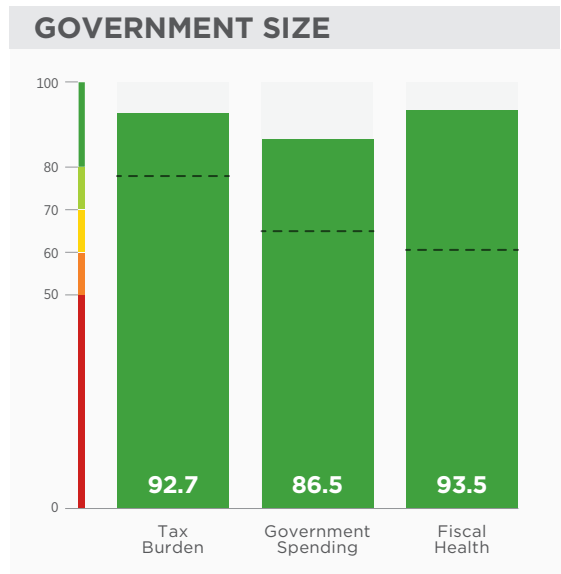
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A vast semiarid steppe, Kazakhstan is geographically the largest nation in the Central Asian region. President Nursultan Nazarbayev, whose rule lasted nearly 30 years, resigned early in 2019. Kassym-Jomart Tokayev won the snap presidential election in June 2019. Over the past several years, Kazakhstan has been transitioning from the Cyrillic alphabet to the Latin alphabet. Oil production is booming, primarily because of a nearly \$37 billion expansion of the Tengiz oil field. Kazakhstan's vast hydrocarbon and mineral reserves, especially in the Caspian Basin, form the backbone of its economy. The country is the world's largest producer of uranium and has a large agricultural sector that features live-stock and grain.

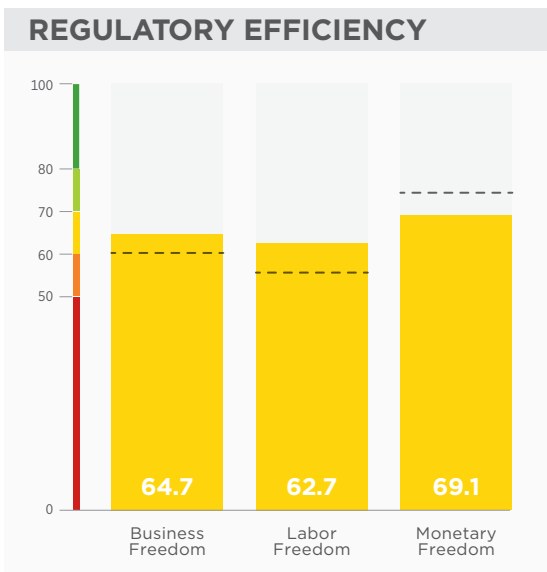
12 ECONOMIC FREEDOMS | KAZAKHSTAN



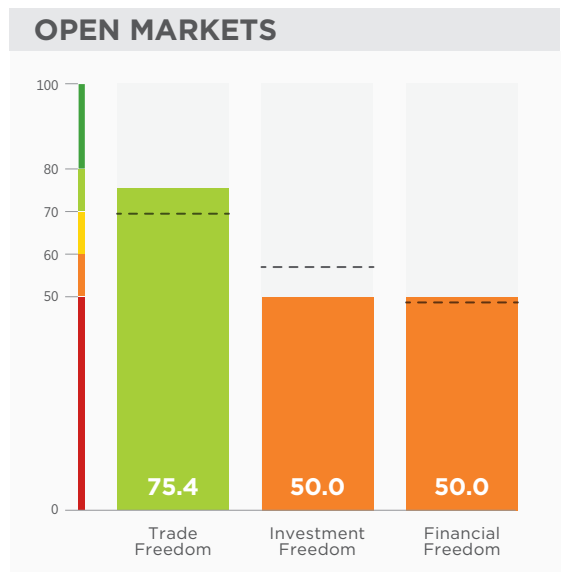
Property rights are recognized under the Civil Code and the Land Code, but they are not always secure. Only citizens may own or lease agricultural land. Although the judicial system is independent by law, the government interferes in judicial matters. Judges and prosecutors often lack technical expertise. Corruption is widespread at all levels of government and reportedly is especially rampant in the land sector.



The flat personal income tax rate is 10 percent, and the standard corporate tax rate is 20 percent. Other taxes include a value-added tax. The overall tax burden equals 15.1 percent of total domestic income. Government spending has amounted to 21.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.8 percent of GDP. Public debt is equivalent to 27.4 percent of GDP.



As a new policy, President Tokayev declared that prosecution or tax audits against entrepreneurs can be conducted only after tax court rulings. In 2020, the trade union law was amended to bring it closer to compliance with International Labor Organization standards. The government subsidizes a wide range of economic sectors including agriculture, energy, and transportation.



Kazakhstan has 10 preferential trade agreements in force. The trade-weighted average tariff rate is 4.8 percent, and 35 nontariff measures are in effect. Foreign investment in some sectors is restricted, and state-owned enterprises distort the economy. The financial sector is relatively stable but subject to state influence. Approximately 70 percent of adults have access to an account with a formal banking institution. Nonperforming loans are a problem.