Market Access Sectoral and Trade Barriers Database

-Kazakhstan-
last updated on 2003-02-04

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GENERAL FEATURES OF TRADE POLICY

Kazakhstan was the last country of the CIS to declare independence from Soviet Union on 16 December 1991. While its transition to a market economy has been moving forward since independence, the road to democracy has been slow and tortuous.
Kazakhstan has requested membership of the World Trade Organisation. WTO accession should be seen as an essential element of the transition process.
As with any organisation, new members must adopt the existing rules and procedures. They also need to be prepared to make offers to open their markets. This process requires a great deal of legislative and organisational change in Kazakhstan since the rules of the WTO extend well beyond policies applied at the border, for example, tariffs, to issues such as agricultural subsidies, the protection of intellectual property, policies relating to the application of technical and safety standards, and regulatory policies concerning services. However, since many of these changes are anyway necessary for the efficient working of a modern market economy, WTO accession does not entail enormous additional requirement.
Kazakhstan is one of the richest countries in the world in terms of oil and gas reserves (oil estimated at 6.3 bt recoverable onshore resources compounding with an estimated 30 bt in the Caspian and Aral seas).
Kazakhstan is the EU's biggest trade partner in Central Asia and the EU's third largest partner among the countries of the former Soviet Union.
In 1999 EU imports mainly consisted of mineral fuels and oil (49%), copper (11%), precious stones (9%), iron and steel (6.9%) (see annex).

Prior to independence, in 1991, the Kazakh economy existed as a highly integrated part of the Soviet production system specialising in agriculture, metallurgy and mineral extraction. With the break-up of the Soviet Union, this centrally planned system collapsed, causing a fall in GDP of over 44% between 1990 and 1995. Growth resumed in 1996 and 1997, slowed after the 1998 Russian crisis, but has been picking up pace in 2000, partially due to the leap of oil prices.
Macroeconomic stabilisation has been achieved since 1995: the inflation rate has been curbed to an annual level of +17.7% in 1999 (instead of 21.69% hyperinflation in 1993) and henceforth continued to decrease. This economic recovery was mostly fuelled by a 29% upsurge in agriculture, following its sharp, 18.9%, plunge in 1998. However public finances remains fragile, as stabilisation was achieved at the cost of a cash-flow crisis (arrears between private households/State/enterprises, non-payment of salaries and pensions).
Kazakhstan reacted to the Russian crisis of 1998 by introducing trade barriers and at first pegged its currency at unsustainable levels. The country's economic problems were exacerbated by the government's efforts to protect the value of the national currency (the tenge), which harmed exports and reduced hard currency reserves until the devaluation in April 1999 eventually helped restore economic stability.
Economic recovery has picked up at the beginning of 2000, mainly due to increased demand in metallurgy and the oil industry. Inflation slowed to 9.9% year-on-year in September 2000, from 20.7% y-o-y in March 2000. The Central Bank's fiscal policy is focused on price stability, and aims to achieve low inflation (and the growth of the non-oil sectors) by keeping interest rates positive. In 2000 the trade surplus amounted

to € 1.14 billion, or 7% of GDP. Total external debt fell to € 8.54 billion at the end of June 2000 (about 50% of GDP) following an early repayment of outstanding IMF debt in May 2000.

A new EU-Kazakhstan agreement on trade in textile was negotiated in 1999, extending the 1993 Agreement until the end of 2003. There are no quantitative restrictions and only category 2 (cotton fabrics) remains under double checking).
Trade in textile products originating within the contracting parties is liberalised for the duration of the agreement, although restrictions can be introduced by mutual agreement in the case of sharp increase in EU imports, which to date only amounts to 0.7% (3 bn € in 2001).

The following table is an overview of the tradeflow between the European Union and Kazakhstan

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	4,050,670	5,439,520
	1997	5,739,740	13,480,270
	1998	2,795,550	15,584,670
	1999	272,650	5,093,400
	2000	62,700	4,793,790
	2001	185,740	5,185,900
	2002	101,520	5,780,810
	2003	3,163,030	9,545,060
Vegetable products	1996	853,060	3,535,440
	1997	3,983,690	2,969,580
	1998	8,469,350	5,042,620
	1999	18,162,880	6,360,670
	2000	36,857,170	8,392,810
	2001	21,390,250	10,216,880
	2002	38,321,630	11,118,740
	2003	26,837,750	12,297,270
Animal or vegetable fats	1996	22,680	2,525,500
	1997	21,060	3,138,240
	1998	20,780	2,397,710
	1999	0	911,370
	2000	0	762,660
	2001	490	1,974,150
	2002	0	1,251,530
	2003	0	1,801,930
Prepared foodstuffs	1996	1,503,030	53,881,470
	1997	3,222,080	77,351,980
	1998	2,835,700	53,796,410
	1999	2,842,580	19,751,410
	2000	2,471,620	20,031,310
	2001	3,550,850	30,979,580
	2002	4,247,270	28,295,040
	2003	2,969,630	26,167,220
Mineral products	1996	119,226,670	6,483,260
	1997	379,760,000	8,355,920
	1998	328,510,890	13,211,650
	1999	870,716,410	10,697,950
	2000	2,241,795,350	8,855,160
	2001	2,074,496,110	11,358,130
	2002	2,866,290,770	9,903,980
	2003	2,926,446,170	16,356,430
Chemical products	1996	15,684,780	35,542,700
	1997	25,512,290	64,937,850
	1998	28,365,150	74,429,030
	1999	84,543,090	55,179,430
	2000	88,064,760	93,585,390
	2001	72,971,420	140,521,790

	2002	35,711,470	166,579,560
	2003	41,709,030	186,153,010
Plastics & rubber	1996	1,770,760	13,623,700
	1997	212,940	21,495,080
	1998	62,590	36,764,730
	1999	209,660	24,374,120
	2000	583,960	37,860,120
	2001	17,870	51,573,650
	2002	265,950	52,765,730
	2003	168,980	65,186,360
Hides & skins	1996	1,895,390	759,220
	1997	1,615,600	1,015,310
	1998	786,610	1,689,730
	1999	1,544,320	1,928,160
	2000	12,566,770	1,667,420
	2001	15,491,370	3,582,260
	2002	12,582,300	5,558,030
	2003	7,133,460	6,373,220
Wood & wood products	1996	0	2,600,910
	1997	14,360	7,017,550
	1998	28,150	9,393,070
	1999	11,260	4,052,420
	2000	72,760	4,825,430
	2001	40,910	6,091,620
	2002	2,700	8,881,080
	2003	49,840	8,121,190
Wood pulp products	1996	62,870	19,026,490
	1997	68,840	30,446,840
	1998	95,040	27,307,890
	1999	16,290	26,070,600
	2000	13,900	33,274,030
	2001	120,150	43,644,140
	2002	147,720	41,264,190
	2003	11,600	44,939,950
Textiles & textile articles	1996	12,765,580	9,463,030
	1997	9,635,190	16,850,510
	1998	12,283,580	20,054,190
	1999	12,223,220	17,485,690
	2000	11,008,890	20,641,530
	2001	22,305,140	33,227,980
	2002	18,736,130	47,420,590
	2003	18,976,040	50,343,470
Footwear, headgear	1996	310	4,465,740
	1997	790	5,022,180
	1998	260	6,799,560
	1999	0	5,510,790
	2000	1,430	7,213,400
	2001	4,730	13,071,650
	2002	5,440	14,793,550
	2003	24,860	16,052,110
Articles of stone, plaster, cement, asbestos	1996	0	7,251,980
	1997	41,680	10,078,710
	1998	1,920	15,816,250
	1999	32,610	9,015,850
	2000	920	16,501,820
	2001	77,520	22,448,460
	2002	23,730	24,162,540
	2003	14,370	20,001,460
	1996	27,082,420	447,950
	1997	47,874,460	478,400
	1998	69,009,210	1,875,630

Pearls, (semi-)precious stones, metals	1999	158,231,860	1,216,590
	2000	132,679,910	1,257,070
	2001	145,767,220	3,219,530
	2002	122,571,530	3,057,410
	2003	94,776,090	3,228,030
Base metals & articles thereof	1996	160,197,160	17,667,670
	1997	298,253,620	50,231,320
	1998	343,844,050	74,494,760
	1999	411,199,400	50,479,040
	2000	522,689,680	91,359,310
	2001	530,970,290	148,063,090
	2002	458,230,200	138,035,530
	2003	306,465,840	110,968,210
Machinery & mechanical applicances	1996	2,154,830	124,005,700
	1997	3,377,550	221,549,270
	1998	3,859,440	273,995,990
	1999	8,438,930	266,704,460
	2000	57,484,890	473,513,060
	2001	27,600,850	660,172,340
	2002	8,818,600	614,267,360
	2003	6,894,090	662,316,330
Transportation equipment	1996	88,766,940	128,033,100
	1997	626,238,790	685,227,490
	1998	180,930	67,859,800
	1999	353,000	25,922,130
	2000	520,420	256,027,830
	2001	178,170	92,067,180
	2002	145,780	108,493,370
	2003	626,880	203,271,760
Instruments - measuring, musical	1996	544,510	14,720,320
	1997	526,730	28,093,800
	1998	1,015,860	32,614,700
	1999	2,155,750	27,772,390
	2000	1,146,980	33,123,320
	2001	4,627,040	60,877,960
	2002	5,043,500	58,369,660
	2003	4,348,160	67,374,780
Arms & ammunition	1996	0	235,730
	1997	0	564,860
	1998	0	490,640
	1999	0	403,270
	2000	360	563,120
	2001	0	643,750
	2002	0	1,109,960
	2003	0	1,411,200
Miscellaneous	1996	56,190	19,091,720
	1997	40,570	34,819,830
	1998	50,830	49,016,250
	1999	53,890	35,060,560
	2000	80,580	45,325,470
	2001	66,690	65,363,070
	2002	25,200	52,869,820
	2003	79,810	48,500,010
Works of art	1996	52,840	3,000
	1997	101,250	4,530
	1998	74,180	122,030
	1999	13,320	215,960
	2000	4,440	6,340
	2001	8,180	51,010
	2002	14,910	168,200
	2003	6,752,270	94,730

Other	1996	4,136,830	10,094,640
	1997	998,650	10,556,520
	1998	2,393,460	9,245,590
	1999	4,056,110	6,868,490
	2000	4,267,030	6,642,060
	2001	2,298,980	27,398,710
	2002	3,637,860	17,189,330
	2003	4,878,970	12,837,000

Agriculture and Fisheries
last updated on 2002-10-30

The February 1997 Law on State Support for Direct Investment was enacted to stimulate additional investment, both foreign and domestic, in "priority sectors of the economy." The Foreign Investment Law provides for guarantees for national treatment and non-discrimination among foreign investors. Kazakhstan's generally liberal investment regime means that no sectors of the economy are closed to investors. The Government of Kazakhstan remains both an implicit and explicit player in attracting foreign investment and, currently, one declared priority sector for investment include agriculture and principally :
Cultivation of high productivity grains based on modern technologies
Breeding of high productivity seed sorts of plant-growing products
Production and breeding of high productivity cattle, poultry and pedigree flock
Production of highly efficient and chemical-free fodder and fodder supplements

Although 43% of Kazakhstan's population lives in rural areas, the agriculture sector makes up only 8.7% of the GDP.

The expected one billion increase in population over the next 10 years will require more food, much of which is to come from the expansion of irrigated land. As a result the demand on water resources will be even greater than at present. New engineering works will be required, many of them in arid and semi-arid zones. Water abstraction for irrigated agriculture is a common practice worldwide. It has been estimated that about 36% of total crop production comes from the 17% of arable land that is irrigated. In Central Asia and southern Kazakhstan over 95% of the total water use is for irrigated agriculture.

Kazakhstan has good potentials for agricultural sector development, primarily due to favorable natural conditions and the vast territory. The main agricultural sectors currently developed in Kazakhstan are plant growing and stockbreeding.
Stockbreeding is the traditional and dominant agricultural sector. No less than three quarters of all agricultural land is used for grazing. Sheep breeding is predominant, while cattle breeding, growing of pigs, horses and camels is also well-developed. Maral breeding is developed in the High Altai mountains and poultry is kept all over the country.
Wool, meat, milk, and other livestock products are still leading agricultural commodities, but the nomadic lifestyle of the herder has almost completely disappeared.
The meat processing industry is one of Kazakhstan's major agro-industries. The industry plant comprises almost 1300 enterprises but is dominated by 50 large firms. Meat remains a highly popular food in Kazakhstan. There is some foreign competition from German and Turkish meat-processing companies.
The dairy processing is also growing quickly in Kazakhstan but there is considerable room for further growth .
The fruit and vegetable storage facilities of Kazakhstan are huge but most of these facilities are lacking adequate ventilation and cooling systems and are only partially utilised. The juice processing industry has attracted foreign competition.
A surge of imported food products is meeting the growing demand of Kazakhstan consumers, especially for candies, cakes, potato chips, etc.

Kazakhstan is a major producer of wheat. Grain production is especially important in the northern-central regions of Kazakhstan. Other crops include rice and cotton, which are grown on irrigated lands in the south.
The first signs of growth in agricultural production since independence were seen in 1999.

According to preliminary data for 1999, gross agricultural production totaled 329.6 billion tenge (at 1999 prices), which was 28.9% higher than in 1998. This increase was achieved mainly due to the growth in grain and other agricultural crops production. In general, the agricultural sector share in the country GDP constitutes 10-15%.

Concerning fisheries, in Central Asia and Kazakhstan, experience with the managing of freshwater fish stocks has been gained both empirically and on the basis of scientific approaches. The empirical knowledge was gathered through a series of adjustments to changes in fish stocks, which were exposed to three major impacts: overfishing of the most valuable fish species, manipulation through introductions of exotic species to boost the fish production, and physical modifications of environment by irrigation structures.
The creation of engineering works for irrigation has challenged the fishery scientists and fishery managers to identify the best ways to produce and harvest fish from the diversity of water bodies, but also raised the question of how to protect the fish from high concentrations of agrochemicals washed out from irrigated fields.

Chemicals last updated on 2003-12-23

Hydrocarbon production remains dominated by foreign companies. In 2002, 42% of the oil production was provided by foreign companies, 41% by foreign companies with the participation of Kazakhoil and only 15% by subsidiaries of Kazakhoil.

Currently (2003), reserves of the northern Caspian region are estimated at 1-1.2bn tons of oil, 80 percent of which belongs to Kazakhstan and 20 percent will be developed by Russia.

A federal law on the ratification of an agreement has been signed between Russia and Kazakhstan on the use of reserves in the northern part of the Caspian Sea and the related protocol signed between the two countries on the sovereign right on the use of reserves. An amendment to the agreement of July 1998 on the delimitation of the sea bottom in the north Caspian Sea was approved by the lower house of the Russian parliament on March 19, 2003 and by the upper house of March 26, 2003.

The oil and gas sector of Kazakhstan continues to be characterised by an intensive growth, due to on-going expansion works at the existing on-shore fields, but also to the promising development of the offshore Caspian blocks, expected to start in 2005. From the 17.2 million tons of oil and gas condensate produced in 2002 (up 18% year-on-year), the annual output is expected to reach 150 million tons in 2015.
The "Programme of Development of the Kazakhstani sector of the Caspian Sea", recently adopted is foreseen to take place in three main phases up to 2015. It addresses a large number of issues in the economic, geological, industrial, diplomatic, ecological and social sectors.

Another important issue is the increased visibility of Chinese interests in the Kazakhstani oil and gas sector, clearly supported by a strong diplomatic effort from Beijing. In the first six months of 2003 Chinese companies managed to become 100% owner of the Northern Kazakhstan oil consortium.
Moreover official statements about an East-West Kazakhstani-Chinese pipeling have resumed and a feasibility study on an Eastern section of the pipeline is to be completed by the end of 2003.

The whole pipeline network of Kazakhstan is getting more and more sophisticated with the construction by oil and gas consortiums of short internal pipelines ensuring an easier access to the export network.

However these strategic developments unfortunately take place against the background of a deteriorating investment climate in the sector and the last months have witnessed major conflicts between the authorities and some leading foreign oil and gas consortiums, including EU companies. The tendering and the negotiation of contracts for new offshore blocks are likely to be tougher in terms of defence of national interest.

Services - Energy
last updated on 2002-10-30

Kazakhsan's oil production remains modest by world standards as it makes up only 1% of the world production. It puts the country in the situation of benefiting from OPEC members' discipline (leading to the renewed rise of oil prices) without being obliged to enforce it. Kazakhstan recently gained the status of observer country in OPEC.
The booming oil and gas sector, fuelled with strong inflows of foreign direct investments, ensures a high GDP growth rate (13.2% in 2001, 10.3% in the first quarter of 2002). Ambitious development plans in the oil and gas sector should ensure continuous growth for the coming years.
The oil and gas sector shows strong upward trends, boosted by an aggressive development schedule for most of the companies operating in Kazakhstan. According to the government, the country's oil output should be multiplied by 5 in 8 years time.
The question of new transit routes for Kazakhstani oil is the object of intense lobbying from Kazakhstan's strategic country partners (USA, Russia, Iran, Turkey, Azerbaidjan).

In February 2002 the merge of the national oil company Kazakhoil and the national transportation company TransNeftiGas strengthened the State's position on the oil and gas sector, so far widely controlled by foreign companies. This new company operating under the name of KazMunaiGas will hold 51% of the shares in entitites and consortiums to be set up in the future to develop Kazakhstani oil. This might lead to preferential treatments regarding transportation and might affect competition between companies. The merge also aims at raising the profile of the group, which will help to borrow money from international markets.

The transit of oil from Kazakhstan through Russia is still periodically causing troubles, underlining the uncomfortable dependence of Kazakhstan on its neighbour. Russia can raise tariffs, or decrease the quota in order to meet its commitments towards OPEC (of decreasing oil exports).

It can be feared that if the production forecasts for the coming years are accurate, the country's output will exceed its export capacity (including the CPC - Caspian Pipeline Consortium) already in 2007.

Tenders will be launched for the new development of the Caspian offshore fields.

At the CIS Summit held in February 2002 in Almaty, Russia, Kazakhstan, Turkmenistan and Uzbekista approved a joint statement on "cooperation in energy policy and measures to defend interests of natural gas producers". The parties committed themselves to coordinate import-export and investment policies in the energy sector. The official purpose of this alliance is to "bring an element of stability into the transportation of gas on the long-term basis".

Disputes over tariff issues and state monopolies already led to several withdrawals from foreign investors. Foreign companies could not operate without guarantee of some room for manoeuvre regarding tariffs. There is a widely diffused opinion on the partiality of local courts and that foreign companies might face troubles as soon as the business that it runs becomes profitable.

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TARIFFS AND DUTIES

The average weighted import tariff in Kazakhstan is approximately 10 percent. Merchandise from non-CIS countries is subject to a value-added tax (VAT) of 20 percent at the time of importation (VAT destination principle). Goods exported from CIS countries to Kazakhstan are generally also taxed at the time of importation. Goods imported from Russia and Tajikistan, however, are still subject to the VAT at the time of exportation (origin principle). The Russian departure from the world-standardized practice of destination principle continues to cause double taxation problems. In addition, Kazakhstan's customs service levies a 0.2 percent import processing fee, based on the declared value of the item. In July 1998, Kazakhstan made all pharmaceutical imports exempt from the VAT. Enterprises importing materials used in industrial processing (gas, water, raw materials and materials for industrial processing) are granted a three-month delay in paying VAT taxes.

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NON TARIFF BARRIERS

The new Customs Code is now completed and before the Parliament.

There is an obvious need for reforms in the administration of customs. Customs is widely recognised as the most corrupted administration of Kazakhstan. Corruption, low efficiency, complication of customs procedures have a major negative impact on trade (much more, according to trading companies, than obsolete infrastructures or long distances).

This new Customs Code is supposed to rationalise customs duties, to simplify procedures related to currency control and transaction passports, to establish procedures for post-customs clearance control, to revise the customs brokers regulations. Although the new code brings a number of useful clarifications and provides for improvements on specific issues, it was prepared extremely quickly and a number of problems remain unchanged. It seems that the new code is not in full compliance with the WTO and WCO principles, as regards the customs valuation for instance.

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INVESTMENT RELATED BARRIERS

Structural and fiscal reform are still very much lagging behind, while corruption is reported to be widespread and the economy suffers from a number of heavy handicaps common to all former Soviet economies (ageing industrial plant, predominance of heavy and military industry, loss of traditional outlets), but the energy sector –accounting for the bulk of the country's export revenue– represents a key asset and an attraction for foreign investors, and has been prioritised by the government.

Among the Central Asian countries, Kazakhstan has the most developed commercial legal and regulatory environment. However, substantial obstacles still hinder efficient commercial activities. In many cases detailed regulations are inadequate, corruption is pervasive, legislation is subject to frequent changes, there is over-regulation and onerous licensing requirements. Kazakhstan has largely failed so far to introduce necessary fiscal reform. The creation of a stable tax environment for business would enhance Kazakhstan's attractiveness as a place to invest and as a trading partner. Legislation allowing private ownership of land is finalised and provides for a reform of major economic, political and cultural importance in Kazakhstan : the ownership of agricultural land. Agricultural development has been declared a high priority of the government.

Only Kazakhstani citizens or legal entities may own agricultural land. Foreign citizens or foreign legal entities may lease agricultural land or have a right of temporary use.

A new law on investments was adopted in January 2003: the Law on State Support to Direct investment. It replaces the actual Law "on Foreign Investments" of 1994 and the "Law on State Support to Direct Investment" of 1997.

The law provides for three types of investment preferences, for a period of maximum five years: exemptions of taxes, of customs duties, and in-kind grants (e.g. State-owned land plots, buildings).

Only companies investing in the priority sectors of the economy are entitled to get these preferences defined in a separated document (which has still to be approved). The draft list of priority sectors includes: 1) infrastructure 2) production oriented to protection of the environment 3) production oriented

to export and to import-substitution.
This last and most important category comprises, besides agriculture, almost all the branches of the processing industry (e.g. agro-processing, textile, chemicals, metallurgy – including steel – production of equipment, machinery, furniture). The law makes clear that sub-surface users (oil and gas companies) are not entitled to get any State support. The investors selected by the "authorised body" (the State Committee for Investments) sign an "investment contract" with the government.
But the law is still unclear about the definition of investment contract.
Even if "contract" must be understood in a broad sense, many companies do or will not have any contract with the government: companies investing in the priority sectors, but that were not selected for a preferential regime, or companies operating in the other sectors of the economy and having no specific relation to the government. Oil, gas and mining industries, banking and non banking financial companies (insurance, pension funds), services and trade companies, are excluded from the list of priority sectors.

The law has a stability clause (art.4.3), valid for investments made after the entry into force of the law (which is a point that the foreign business community has always lobbied for), but it applies only to investors having an investment contract. Access to international arbitration is another issue. According to the article 9/2 of the law, investment disputes shall be settled "at courts of the Republic of Kazakhstan, as well as at international arbitration courts, as agreed by the parties", which presumably means that the agreement of the State is necessary for requiring international arbitration. More importantly, this conditional access to international court is, again, restricted to investors having an investment contract with the government.
The Law provides for State subsidies in a number of sectors that might be sensitive to the EU, notably steel and textiles.

Services - Other

Direct Foreign Investment Limitations

020093-*Security Services* [2003-02-06]

The government of Kazakhstan keeps on strengthening its control over private security/guarding businesses in the country which puts at risk foreign investors operating on this market.
The Kazakh Law on Guarding Activities, adopted in October 2000, prevents foreign companies and local companies with foreign participation from carrying out security activities in Kazakhstan. The amendments to this law, adopted in February 2002, go even further in forbidding legal entitites with foreign participation to fulfil guarding activities which is a discriminating measure targeting the activities of foreigners.
The Kazakhstani law on Foreign Investment is by itself a matter of concern, it leads to a situation of quasi monopoly in a particularly sensitive sector. Private foreign and local companies dealing with strategic investment projects (eg. particularly when exploitation of the new offshore oil field in the Caspian Sea starts), will have no choice but to hire the only local security provider, with no regard to its actual professionalism.

- The Commission is currently dealing with this issue.

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IPR

As a resultof the process of accession, all of Kazakhstan's intellectual property legislation is focused on being compliant with the WTO's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement). Under the bilateral trade agreement, Kazakhstan agreed to bring its IPR regime up to world standards. Kazakhstan has fulfilled certain of its obligations under the trade agreement, but still has several steps to take. Kazakhstan is a member of the Berne Convention for the Protection of Literary and Artistic Works, but has not yet made the necessary changes to its copyright law to implement Berne. (Most notably, the copyright law has not been amended to reflect the Berne Article 18 obligation to provide retroactive protection to foreign works still within their term of protection in their country of origin.) The TRIPS Agreement requires that such retroactive protection also apply to sound recordings.
Kazakhstan has yet to join the Geneva Phonograms Convention, although, as of January 2000, legislation ratifying this convention was pending before parliament. Two other intellectual property bills have yet to be passed by parliament: the Law on Commercial Secrets and the Law on Integrated Circuits. Kazakhstan has signed but has not ratified the 1997 WIPO Copyright Treaty (WCT) and the WIPO Performances and

Phonograms Treaty (WPPT). Kazakhstan enacted several new intellectual property rights laws in 1999. On July 16, 1999, Kazakhstan enacted a new law governing patents; on July 26, 1999 a new trademark law was enacted; and the Law Governing Selective Achievements was enacted on July 13, 1999. The current law on copyright dates from June 10, 1996. The copyright law protects software as literary works and databases as compilations. In July 1999, Kazakhstan amended its Customs Code to provide for the seizure at the border of objects that violate intellectual property rights. Customs rules and regulations are currently being developed to implement these articles of the Customs Code. Lax enforcement remains a major problem. Gaps in knowledge and training on the part of those responsible for enforcing intellectual property rights pose another obstacle to enforcement. Public understanding of the principles of authors' rights is low, as is public support for enforcement of intellectual property rights. Kazakhstan has not yet selected private organization(s) which will be responsible for the collective management of authors' rights. Several groups are vying for the right to license rights and collect royalties on behalf of authors.