

As of 31 March 2021

**Greeting Remarks of the Board Member
First Vice Chairman of the National Chamber of
Entrepreneurs "Atameken"
at the CICA Business Council's Board Meeting**

Dear Kairat Shorayevich (CICA Ambassador),

Mr. Kirill Grigoryevich (CICA, Russia),

Mr. Yattana Silpsarnvich (CICA, Kingdom of Thailand),

Mr. Salih Sahin (CICA, Republic of Turkey)!

Dear Colleagues, I would like to greet you all and thank for the participation in today's meeting. On behalf of the National Chamber of Entrepreneurs "Atameken" and the Kazakhstan business community, please be assured of our commitment to enhance and deepen the cooperation with the business circles of the CICA Member States.

Let me briefly guide you through the outcomes of the National Chamber of Entrepreneurs aimed at improvement of the business climate in Kazakhstan, and the measures implemented to support the entrepreneurs of Kazakhstan in 2020 during the pandemic.

For the last five years, the share of small and medium enterprises has increased from 24 per cent to 32 per cent. The number of people, employed in the field of SME has increased for 21 per cent from 2.8 million to 3.4 million people. Today about 40 per cent of the employed population work in the SME sector of Kazakhstan. Last year the eighth package of the legislative initiative was adopted; its is aimed at further deregulation, in particular thereby simplifying the business procedures, expediting and improving the public service delivery. The principle of "presumption of good faith" has legally been recognized in order to protect the rights of entrepreneurs.

The year 2020 was challenging for the small and the medium businesses of the country. Beginning March 2020, the SME operated in

the context of lockdown and the quarantine restrictions. By our estimates, about half of million of entrepreneurs experienced direct or indirect negative impact of the pandemic. There are 1,3 millions of entrepreneurs in the country. Since the National Chamber coordinated the work with the Government of Kazakhstan in an extensive manner, in general, we have managed to maintain control over the situation in healthcare and economy sectors. There was a number of unprecedented anti-crisis measures implemented to support the small and medium businesses, over 700 000 business entities have been exempt from taxes or the tax rates were reduced, 29 types of activities have been exempt from obligatory deductions from the wage fund until 1 October 2020, and extra budgetary payments have been exempt until the end of 2020, almost over 5000 concessional loans have been provided and almost 2500 projects have been subsidised. The program "Economy of simple things" is being successfully implemented (1 trillion tenge have been allocated to execute this program).

2020 seriously impacted the services sector, trade, public catering, transportation systems, entertainment industry. To a lesser extent, the pandemic affected the real sector of the economy - production of goods. In the manufacturing sector there has been an increase for 3,3 per cent. In Kazakhstan, during the pandemic agricultural and agro-industrial complexes have been on the rise.

Presently the new SME legal and regulatory framework (business process management from scratch) is being developed. The new amendments to the Tax Code are to be adopted by 1 July 2021; they are aimed at facilitating the tax administration and minimisation of a number of taxes and other payments to the budget. We may expect a recovery in the business activity and the services sector as the quarantine restrictions will get eased.

Taking into account this challenge for the world economy, caused by the impacts of the COVID-19 pandemic, by totally and fully supporting the initiative to promote the Business Council's work, in my turn, I propose to implement specific measures, aimed at improving the collaboration among the CICA Member States in certain areas and the expansion of business opportunities of our countries.

Accordingly, on behalf of the Republic of Kazakhstan, we propose to hold the next CICA Business Forum and the Forum for the

development of tourism at the end of the second quarter of 2021. Within the framework of the Business Forum, we propose to hold the 4th CICA Business Council Meeting. Going forward, the Seminar on the development of transport corridors and an event on discussion of opportunities of cooperation in the field of economy digitalisation are proposed to be held in the third quarter of this year; and the Seminar on cooperation in the field of financial technologies and investments is proposed to be held in the fourth quarter of this year. I presume that the further work of the Business Council must be focused on the increase and diversification of trade and investment cooperation, extension and providing opportunities for the joint manufacture, and identification and elimination of the existing obstacles for the benefit of the productive business processes between the CICA Member States.

The CICA Member States, as a whole, represent the market of 3.8 billion people that is 49 per cent of the world population. The sales turnover between Kazakhstan and the CICA Member States amounted to 45 billions of USD or 53 per cent of the international trade last year, it got decreased for only 3 per cent compared to 2019, and taking into account that the foreign trade of Kazakhstan had dropped for 13 per cent. It demonstrates that the trading cooperation between our countries is strong enough to resist the pandemic's impact and that our countries possess broad opportunities of cooperation in diversifying and enhancing the mutual trade. In this aspect, we see the value in importing the foreign goods to Kazakhstan in medical, mechanical-engineering, light and textile industries. Along with that, the Kazakhstan enterprises are ready to export the produces of food, agriculture (macaroni, meat, vegetables, fish), construction (concrete) and manufacturing industries (metal, parts for vehicles, polymers) and etc.

I would like to mention that there are over 5000 joint ownership enterprises of the Business Council Member States in Kazakhstan; it represents 70 per cent of the total number of joint ventures. In my view, I believe there are great opportunities to expand the joint projects, and above all, the Kazakhstan business community is interested in cooperation in agricultural, construction, mechanical-engineering and green technology industries.

In addition, I would like to inform that under the National Chamber there is Project Office, which is focused on providing its assistance in the implementation of the Concessional Loans Program

designed to support the priority projects, stimulate the investment activity of entrepreneurs and establish favourable climate for legal, economic and social conditions to successfully implement a business initiative. Today, the Project Office is an actual platform to interact with the investors. Along with that, we have cooperated with the National Company "Kazakh Invest", which is the front-office to attract potential investors to Kazakhstan and it conducts various image-building activities, Road Show and etc. At the same time, the National Chamber has a number of its branches with the necessary infrastructure in all regions of the country, including the very remote areas, that is undoubtedly is a great advantage that allows to accompany the investors within any region of the Republic of Kazakhstan.

Moreover, there is Arbitration Centre under the Chamber, which provides a quick and inexpensive dispute resolution between organisations of any sort of ownership. The Arbitration Centre was established based on our motivation to assist the entrepreneurs without compromising reputation and resolve any disputes within the short period of time. The Centre examines the disputes, resulting from civil-legal relations, between legal and physical entities, regardless of their citizenship, permanent residence or location.

In addition, the National Chamber cooperates closely with International Financial Centre "Astana". The objectives of this Centre are: to provide assistance in attracting investments to the country's economy; to establish a favourable climate for investments in the sphere of financial services; to develop the stock market of Kazakhstan and maintain its fusion with international capital markets. The Centre provides the services of court, arbitration and mediation based on the English law. In the Centre there are 563 companies-participants (actual and potential investors) from 45 countries across the globe.

With an effort to improve the business climate for the CICA Member States, I propose to consider a possibility of consolidating the existing barriers and potential projects within the business community of the Business Council Member States by establishing some information database in electronic format. This way, the Business Council will implement its mission in addressing the business related issues, searching for new business partners, extending business contacts, tracking any amendments in legislation and other matters within the framework of the CICA Member States' effective cooperation.

In conclusion, let me thank all colleagues for the participation in today's session. I hope that our joint work will promote the cooperation of business circles of our countries and will help to address the impacts, caused by the coronavirus crisis across the globe. I sincerely wish you great health and success.

Thank you for your attention.