

TU Dresden

PESTLE Analysis Kazakhstan

Agenda

- 1 Political
- 2 Economic
- 3 Socio-cultural
- 4 Technological
- 5 Legal
- 6 Eco-envirnomenal

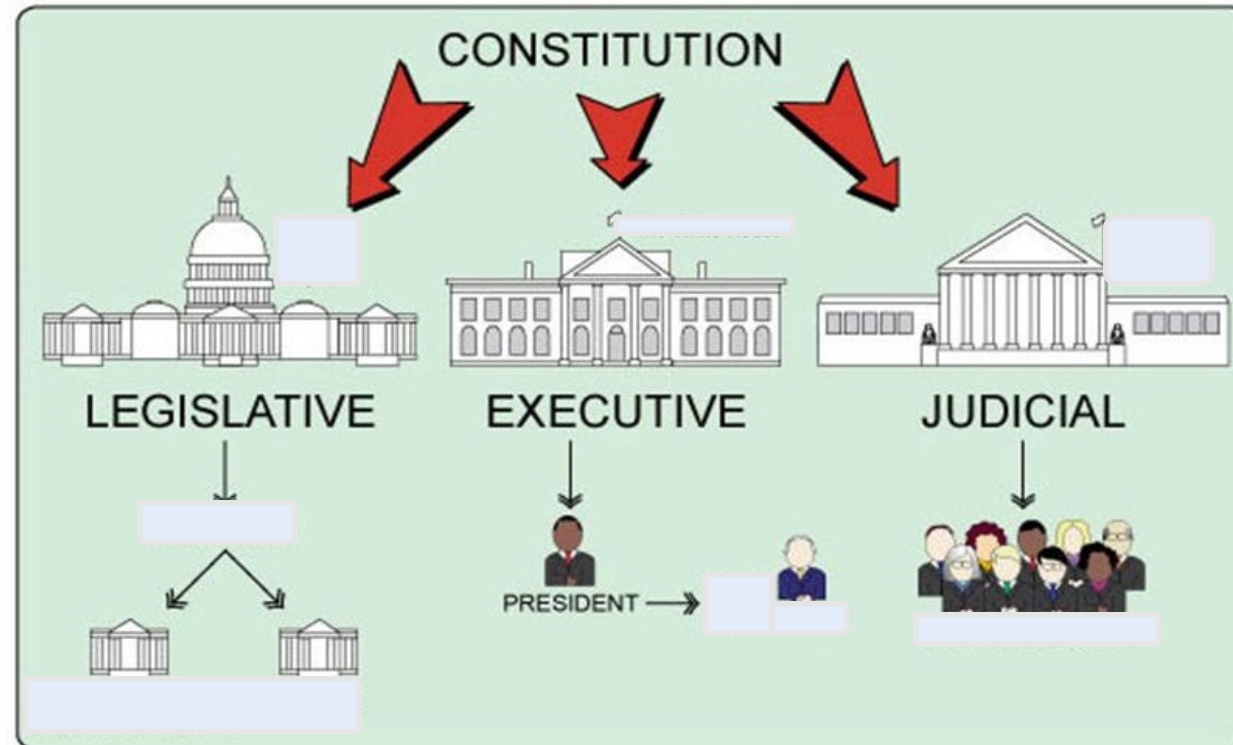
Bibliography

1 Political

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The government in power and structures

Branches of Government = Separation of Powers



Upper-house : Senate

Lower-house : Mazhilis

Executive branch

Head of state : Kassym-Jomart TOKAYEV since March 2019

BEFORE: Nursultan NAZARBAYEV was president since 1989

Head of the government : 1 Prime Minister

3 Deputy Prime Minister and 16 ministers in the Cabinet



What's the power of the president?

Head of the state

Commander in chief of the armed forces

May veto legislation that has been passed by the Parliament

He also can :

- initiate constitutional discretion
- appoint and dismiss the government
- dissolve Parliament
- call referendums at his discretion
- appoint administrative heads of regions and cities



Elections / appointments

- simple majority popular vote for a 5-year term (eligible for a second consecutive term)
- election last held on 2015 (next had been scheduled for 2020 but was moved up to 9 June 2019 following NAZARBAYEV's resignation)
- prime minister and deputy prime ministers appointed by the president, approved by the Mazhilis

Attitude to taxation and social welfare

Taxation system

- **the Tax Code³** : relatively new and simple (2009)
 - Taxation framework is based on a self-assessment with tax inspections and taxpayer audits

Problems ?

- A possible ambiguity in local interpretation of both the Tax Code and generally accepted international taxation principles
- No extra statutory guidance available in country as to the appropriate interpretation of domestic and international tax laws

Challenge : achieving stable and predictable tax compliances such for both local and international investors

Social Welfare

Social security contribution:

- contributions to the **State Social Security Fund** :
 - for local employees
 - for expatriate personnel who have a permit for permanent residence
 - *If no permit = no contributions*

The state : contributions for vulnerable people

Obligatory Medical Insurance contribution:

Years	Employer's contributions	Employee's contributions	Self-employed contributions
2017	2 percent	-	2 percent
2018	3 percent	-	3 percent
2019	4 percent	1 percent	5 percent
2020 onward	5 percent	2 percent	7 percent

Attitude to foreign trade and trading bloc membership

- **WTO** member on 2015

deals with the global rules of trade between nations

- **Customs Union** with Russia and Belarus on 2010

- Founding member of the **Eurasian Economic Union** (EAEU) created on 2014 between Kazakhstan, Belarus, Kyrgyz Republic, and Russia

free movement, common policies and single currency in the future

- In 2018, Kazakhstan joined an agreement establishing an interim **Free Trade Area** between Iran and the EAEU

Free Trade Area

- No tariffs between members
- No external tariff (checks on country of origin)
- Can negotiate own trade deals

Customs Union

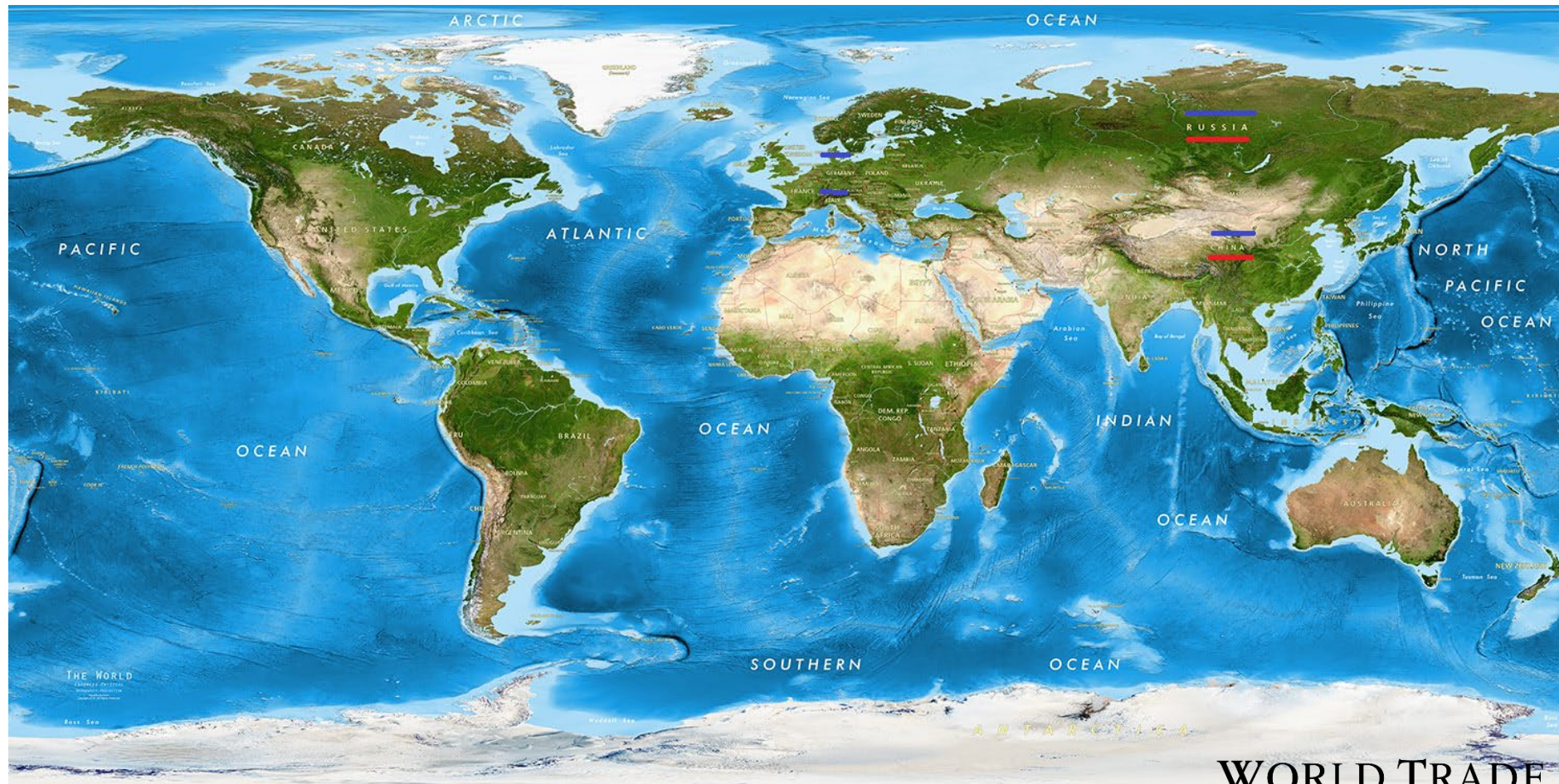
- No tariffs.
- No border checks
- Common external tariff
- Trade deals for whole customs union

2 Economic

2 Economic

- Natural resources





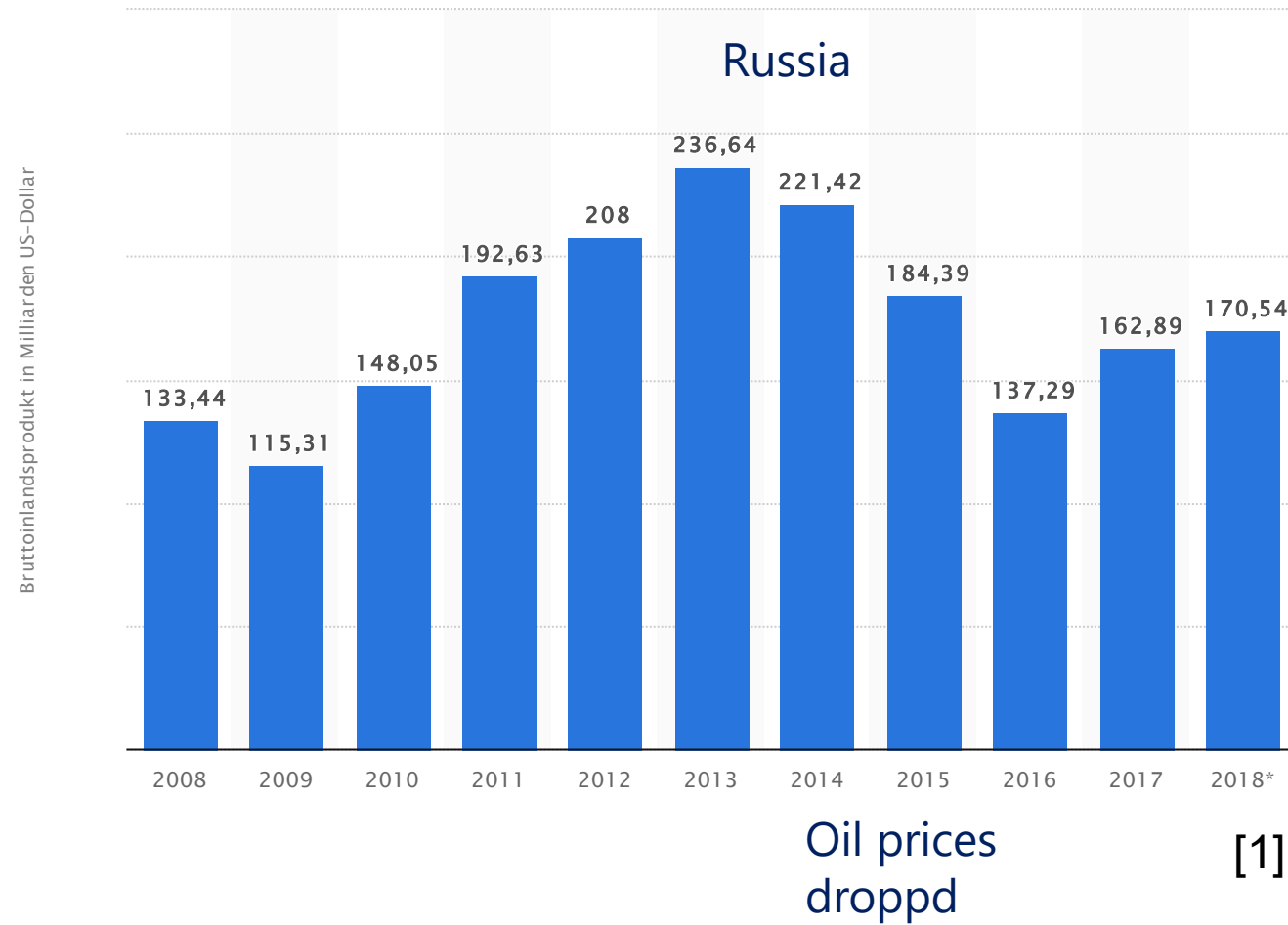
WORLD TRADE
ORGANIZATION



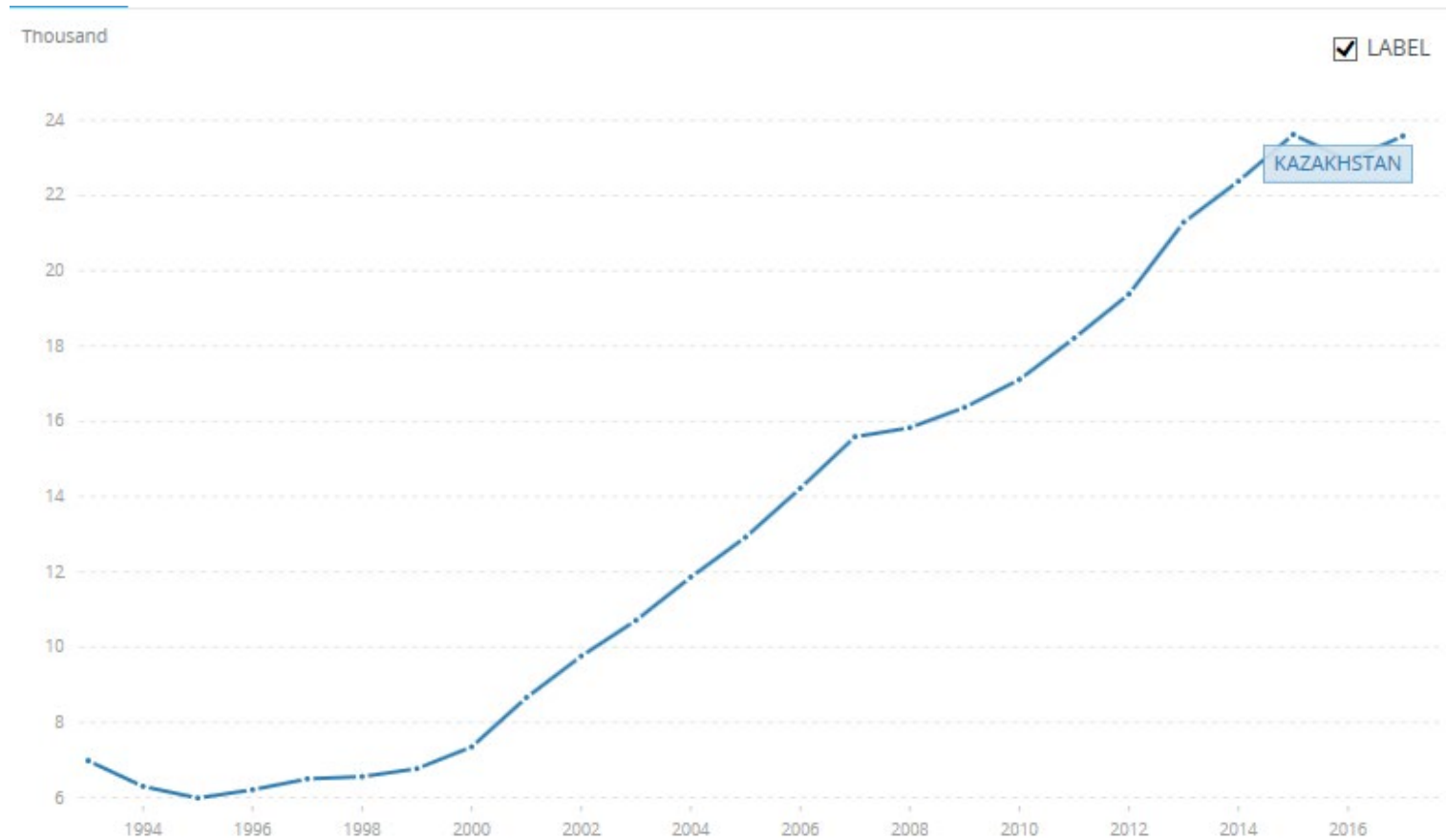
Blue: Export

Red: Import

GNP of Kazakhstan



Purchasing Power



[2]

Left: Kashagan Field

Right: Tengiz Field



3 Socio-cultural

3 Social

Demographics:

Year	Population	% Male	% Female	Density (km ²)	Population Rank	Growth Rate
2019	18,592,970	48.43%	51.57%	6.82	63	1.03%

Overall life expectancy: 71,1

Median age: 30,9

Urban population: 57.4% of total population (2018)

Rate of urbanization: 1.29% annual rate of change

Major urban areas - population: 1.829 million Almaty, 1.068 million ASTANA (capital), 982,000 Shimkent (2018)

Ethnics and religion

The ethnic majority of the country is the ethnic Kazakhs (63.1%), although there are a large number of other ethnicities present as well, such as ethnic Russians (23.7%), Uzbeks (2.9%), Ukrainians (2.1%), Uygurs (1.4%), Tatars (1.3%) and Germans (1.1%).

70% of people in Kazakhstan are Muslim while 26% are Christians.

Liberal Islam in the continuity of the ancestral traditions. No extremism and/ or terrorism related to Islam contrary to other foreign countries.

Income distribution

Gap between rural areas and urban areas

Why?

- Tribes in the steppes living the traditional way (animal husbandry, nomads ...)
- Development of industry and new business in cities
- Globalization
- Russian/western style middle class and new rich

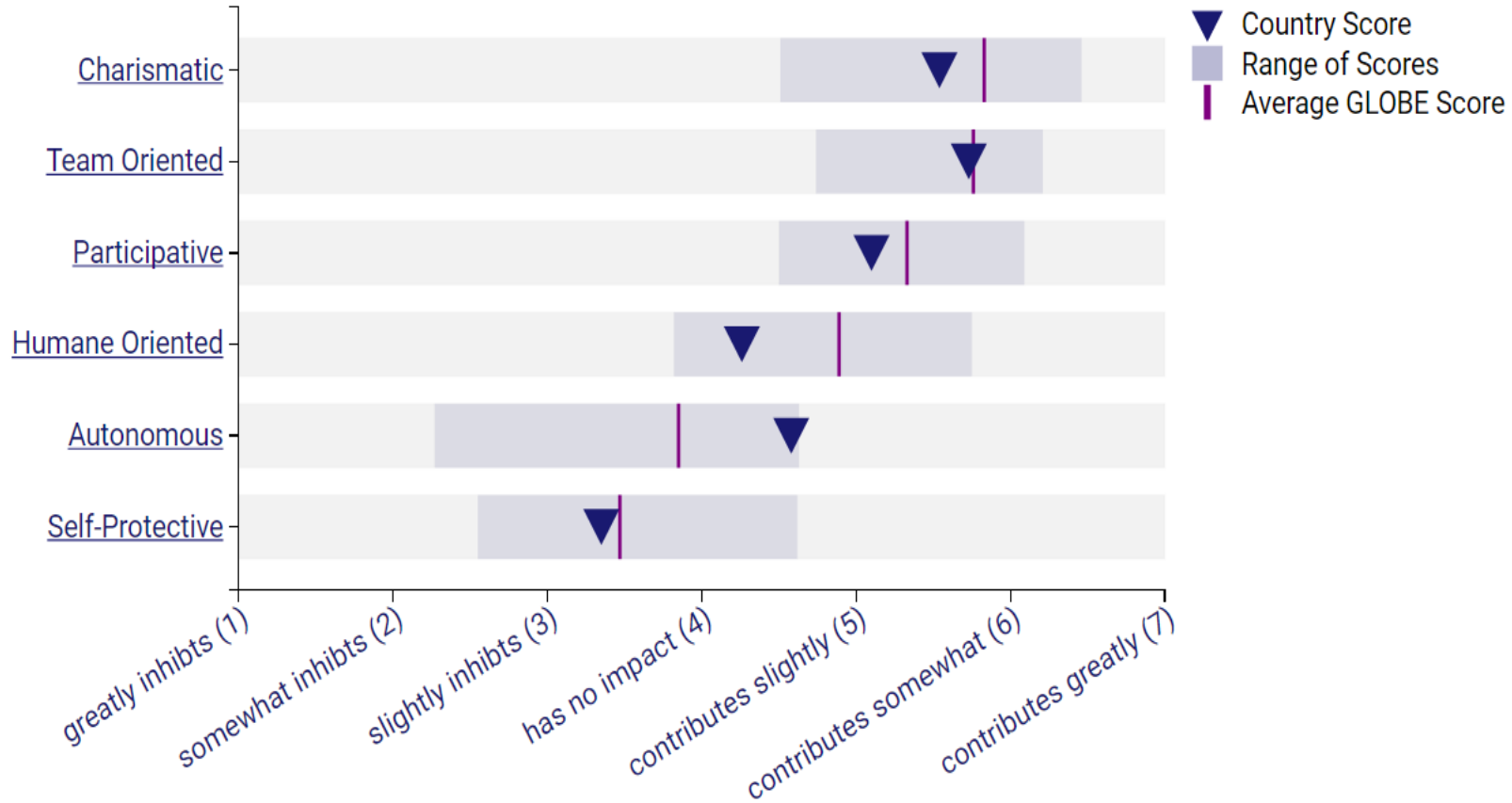
Cultural life



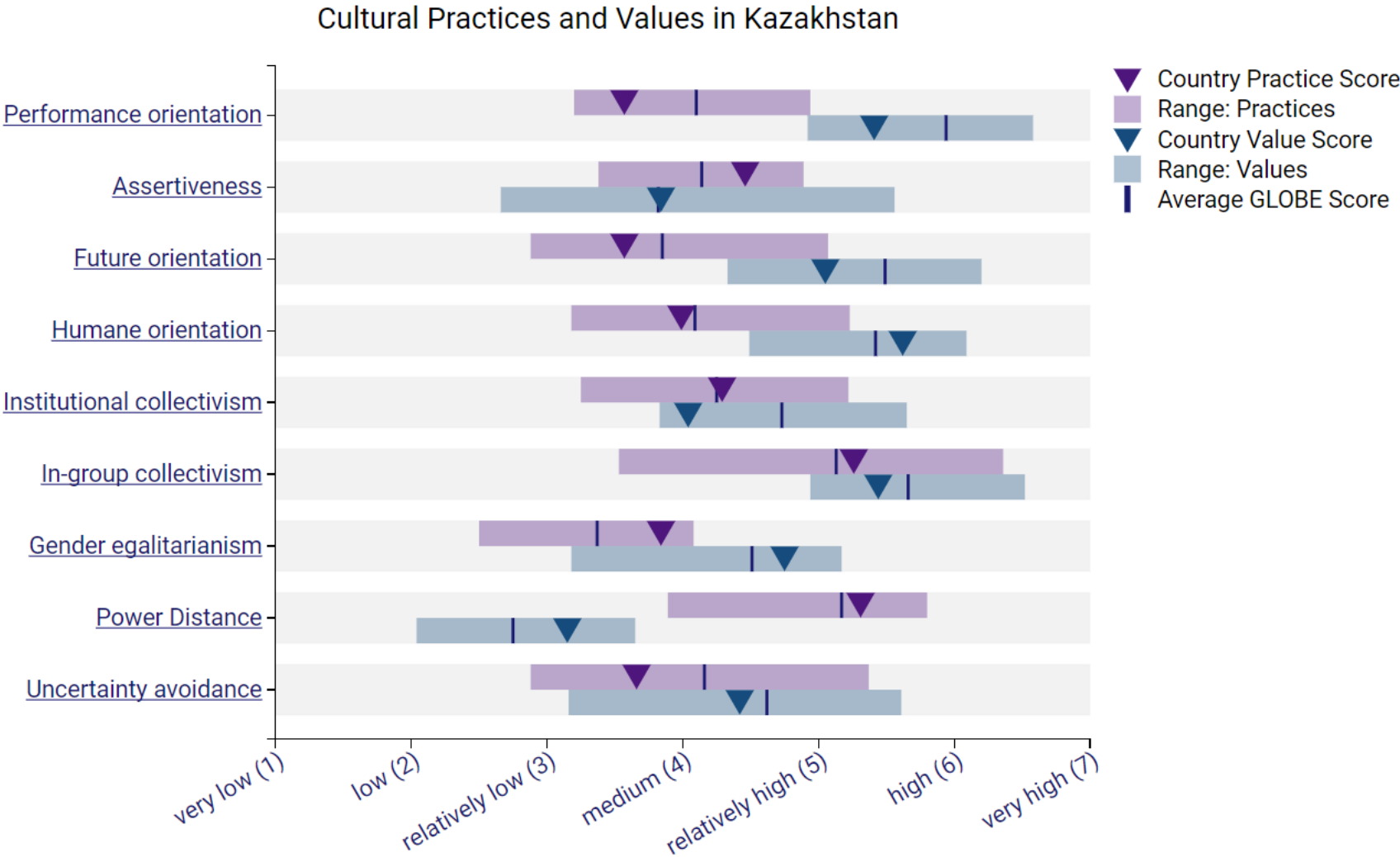


Leadership Visualization

Leadership Scores for Outstanding Leadership in Kazakhstan





Culture Visualization



4 Technological

4 Technological



Sources: Central Intelligence Agency, 2019a
Central Intelligence Agency, 2019b

		
1) Energy		
Electrification	100% (2016)	100% (2016)
Electricity from fossil fuels	86% (2016)	41% (2016)
Crude oil production	1,777,000 bbl/day (2017), country comparison to the world: 14	43,410 bbl/day (2017), country comparison to the world: 57
2) Communications		
Phone system general assessment	vast 4G network, high mobile penetration, moderate broadband penetration (2017)	technologically advanced, modern networks of fiber-optic cable, coaxial cable
Mobile phones	143 per 100 inhabitants (2017)	132 per 100 inhabitants (2017)
Broadcast media	state owns nearly all radio and TV transmission facilities, 96 TV channels, 4 radio stations (2018)	a mixture of publicly operated and privately owned TV and radio stations
Internet users	76.8% (2016)	89.6% (2016)
Broadband subscriptions	14 per 100 inhabitants (2017)	41 per 100 inhabitants (2017)

4 Technological: Infrastructure

Sources:

Central Intelligence Agency, 2019a
Central Intelligence Agency, 2019b

		
3) Transportation		
Area	2,724,900 km ² (> 7x)	357,022 km ²
Airports	96 (2013)	539 (2013)
With paved runways	63 (2017)	318 (2017)
Railways	16,104 km (2016)	33,590 km (2015)
Roadways	97,418 km (2012)	645,000 km (2010)
Paved	87,140 km (2012)	645,000 km (2010)
Waterways	4,000 km (Irtys River, Syrdariya River) (2010)	7,467 km (mostly Rhine River, Main-Danube Canal) (2012)

4 Technological: education and investment

Source: Government of Kazakhstan, 2010



4 Technological: education and investment figures

Source: UNESCO, 2019

→ 2.8% of GDP devoted to education in 2014

→ 0.17% of GDP to R&D in 2015



GDP has grown faster (by 6% in 2013) than gross domestic expenditures

→ 110 PhDs in science and engineering in 2013

→ research output: 36 articles per million inhabitants in 2014

5 Legal

5 Legal

- Legal frame and legal certainty are well developed
- International investors will be protected by the investment law of 2003
- Law exists to increase and protect direct investments
- KZ trying to modernise the labour conditions
- KZ wants to globalize their higher education
- English taught as third language next to Russian and Kazakh

6 Eco-environmental

6 Eco-environmental

- Ecological situation critical
- Massive consequences from nuclear and biological tests
- Aral sea drying up
- Drift of salt leading to desertification
- High rate of air pollution
- Shortages of water
- Lack of effective system for garbage management

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[2] <https://data.worldbank.org/indicator/NY.GNP.PCAP.PP.CD?end=2017&locations=KZ&start=1993&view=chart>

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Thanks for your attention!

Any questions? 😊