

WORLD TRADE ORGANIZATION

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**Working Party on the
Accession of Kazakhstan**

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ACCESSION OF KAZAKSTAN

Services Offer for the Republic of Kazakhstan

Addendum

The Ministry of the Economy of the Republic of Kazakhstan has submitted the services offer reproduced hereunder. An Explanatory note and Comments to the revised offer of Specific Commitments on Services are also reproduced hereunder.

Mode(s) of Supply: 1. Cross-border supply 2. Consumption abroad 3. Commercial presence 4. Presence of natural persons

Sector or subsector	Restrictions on market access	Restrictions on national treatment	Additional commitments
I. HORIZONTAL COMMITMENTS			
Commitments include all sectors			
<p>The rights and commitments of the Republic of Kazakhstan resultant from GATS, the Protocol on the Accession to the WTO, including this Schedule, do not result in any rights and commitments arising directly with natural persons, legal persons, associations of legal persons and organizations that are not legal persons.</p> <p>The terms used in this Schedule should be understood in the sense they are defined by the Legislation of the Republic of Kazakhstan, unless directly indicated otherwise in the text of this Schedule, and as they defined in GATS.</p> <p>The Legislation of the Republic of Kazakhstan in the text of this Schedule means the Constitution of the Republic of Kazakhstan, Decrees of the President of the Republic of Kazakhstan, laws and other legal acts of the legislative and executive bodies, the National Bank of the Republic of Kazakhstan, as well as other bodies that perform state functions.</p>			
	<p>(1), (2), (3) Unbound for:</p> <ul style="list-style-type: none"> - measures designed to protect the cultural legacy, including objects of cultural heritage (tangible and intangible historical and cultural monuments) and of national uniqueness; - measures related to rendering of services connected with the use of prohibited or restricted for free circulation materials and goods, as well as hazardous technological processes; and - assignment of special rights and preferences to groups of persons and regions that are socially and economically disadvantaged. <p>(1), (3) Unbound for:</p> <ul style="list-style-type: none"> - measures related to the parties of agreements on product sharing; and - access to and use of subsoil. <p>(1), (3) A special regime of activity may be established in border frontier territories, special economic zones or analogous territories, for</p>	<p>(1), (2), (3) Unbound for:</p> <ul style="list-style-type: none"> - measures designed to protect the cultural legacy, including objects of cultural heritage (tangible and intangible historical and cultural monuments) and of national uniqueness; - measures related to rendering of services connected with the use of prohibited or restricted for free circulation materials and goods, as well as hazardous technological processes; and - assignment of special rights and preferences to groups of persons and regions that are socially and economically disadvantaged. <p>(1), (3) Unbound for:</p> <ul style="list-style-type: none"> - measures related to the parties of agreements on product sharing; - access to and use of subsoil; and - measures in respect of natural reserves, including specially protected natural territories, natural reserve museums, as well as resorts and medical and sanitary areas within the designated territories. <p>(1), (3) A special regime of activity may be established in border frontier territories, special economic zones or analogous</p>	

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Sector or subsector	Restrictions on market access	Restrictions on national treatment	Additional commitments
	which the Legislation of the Republic of Kazakhstan lays down a special procedure for carrying out economic activities.	territories, for which the Legislation of the Republic of Kazakhstan lays down a special procedure for carrying out economic activities.	
Real Estate	<p>(1), (3), (4) The following types of land plots cannot be in private ownership:</p> <ul style="list-style-type: none"> - agricultural lands; - defense industry lands; - specially protected territories; - lands of forest and water funds; and - lands of general use on lands of inhabited areas. <p>Granting, ceding and transfer of the right for temporary land use shall be provided to non-governmental legal persons and natural persons, upon payment, for a time period not exceeding 99 years.</p> <p>Transactions in regard to the right of land use shall not be allowed, including its alienation, on:</p> <ul style="list-style-type: none"> - lands of general use; - lands provided for defense industry needs; - specially protected territories; and - official plots of lands <p>Changing the purpose-oriented function of a plot of land shall be made upon the decision of a local executive body.</p>	<p>(1), (3), (4) The right for permanent land use cannot be granted to foreign land users.</p> <p>Land plots provided for private utility farms and households, gardening and constructions of dachas cannot be in private ownership of foreign citizens.</p>	
Subsidies and other forms of state support (financial and other material resources of the state)		(3), (4) Unbound	
Entry and temporary stay of natural persons	<p>(4) Unbound, except measures of entry and temporary stay of:</p> <ul style="list-style-type: none"> - Natural persons, arriving for business trips; and - Inter-corporate transfers of the following natural persons: <ul style="list-style-type: none"> - leaders; and - managers. 	(4) Unbound, except those specified in the column "Restrictions on Market Access."	

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	<p>Natural persons, arriving for business trips shall mean persons, who are not domiciled within the territory of Kazakhstan and are representatives of a service provider of a WTO member country and arrive in order to:</p> <ul style="list-style-type: none"> - introduce a service provider, conduct negotiations on sales of services of this provider, enter into agreement on sales of services, participate in business meetings; and - establish commercial presence of a service provider in case when such representatives are not directly involved in sales or provision of services directly to the public, do not receive monetary remuneration from legal persons from Kazakhstan. <p>The period of temporary stay shall not exceed 90 days.</p> <p>Inter-corporate transfer of persons shall mean persons, who are transferred within their companies for the period of less than one year to stay temporarily in order to provide services either for this company or its affiliate. The number of such transferred persons, who have been hired outside the Republic of Kazakhstan shall not exceed 5 per cent of the annual number of Kazakstani citizens, hired by a Kazakstani legal person (in case when the number of employees is less than 100, the number of persons subject to transfer shall not exceed 3 per cent). See more specific definitions below:</p> <ul style="list-style-type: none"> - Leaders shall mean persons within an organization (but not numbering more than 5 per cent of total number in this category), who are directly involved in management and determination of objectives and policy of the organization or the main methods of functioning of the organization, and enjoy 		

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	<p>wide freedom in adoption of decisions and are supervised or directed by leaders of higher level, as well as the board of directors or by stockholders of the enterprise.</p> <ul style="list-style-type: none"> - Managers shall mean persons within an organization (but not more than 5 per cent of total number in this category), who are the main managers of that organization, department or subdivision, managing and controlling the work of other managers, professionals or administrative staff, and who enjoy the right to hire and dismiss employees or recommend hiring, dismissal as well as other actions of personnel, and manage the routine operations at their own discretion. 		
Commercial presence	<p>(3) Enterprises with foreign participation can be established in the form of a business partnership and in other forms, not contradicting the legislation of the Republic of Kazakhstan</p> <p>All legal persons, involved in activities in the sphere of services subject to licensing, shall obtain a license.</p> <p>When two or more persons, providing services, act on behalf of a legal person with foreign participation, it is required, that, at least, half of them be citizens of the Republic of Kazakhstan.</p> <p>It is required, that enterprises, which have public (state or municipal) share in assets, shall obtain special permission from the authorized body in case of sales of such shares to third parties.</p>	<p>(3) Legislative acts of the Republic of Kazakhstan may identify territories, in which investment activities of foreign investors or enterprises with foreign participation may be limited or prohibited based on the needs of national security.</p>	<p>(3) In order to register an enterprise with foreign participation, it shall be required to provide the following in addition to the documents envisaged by the general statutory procedure:</p> <ul style="list-style-type: none"> a) for a foreign legal person - an excerpt from a trade register or other documents certifying that the given subject is a legal person under the legislation of its own country, with a notary certified translation to Kazak or Russian; and b) for a foreign natural person - a photocopy of his passport or another identification document with a notary certified translation to Kazak or Russian Languages. <p>On certain types of activity, specified by legislative acts of the Republic of Kazakhstan, enterprises with foreign participation shall obtain a special license</p>

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			<p>to the right to conduct entrepreneurial activity.</p> <p>In order to receive a license for any legal or natural person, it shall be required to provide documents of the statutory format as established by the Government of the Republic of Kazakhstan that attest the presence of a qualification level that meets the requirements to be met to engage in a given entrepreneurial activity.</p>
Capital payments	<p>(1), (2), (3), (4) Capital payments from non-residents in favor of residents in the amount of more than US\$100,000, which are related to attraction of investments to Kazakhstan, shall be subject to registration in the National Bank (NB) of the RK.</p> <p>When residents make capital payments abroad, it is required to obtain a license from the NB of the RK.</p> <p>The National Bank of RK establishes the limits restricting exports of currency by natural and legal persons outside of the republic.</p>	<p>1) None 2) None 3) None 4) None</p>	

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II. SPECIFIC SECTOR COMMITMENTS			
1. COMMERCIAL SERVICES			
1. Professional services			
a) legal services			
Services on Legal consulting and representation in different areas of Law (CPC 8611)	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments.</p> <p>Representation in criminal cases is carried out only by barristers.</p>	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments.</p> <p>A barrister may be only a citizen of the Republic of Kazakhstan who has obtained an appropriate license.</p> <p>A foreign natural person shall provide legal services in only respect of the legislation of his own state.</p>	While licensing fee-paying legal services that are not related to barrister's activities, diplomas of educational institutions of foreign states attesting higher legal education must be recognizable in the Republic of Kazakhstan.
Services on compilation of legal documents and attesting of documents (CPC86 130)	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments.</p>	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments.</p> <p>A notary may be only a citizen of the Republic of Kazakhstan who has obtained an appropriate license.</p> <p>A foreign natural person shall provide legal services only in respect of the legislation of his country.</p>	For documents compiled by foreign legal persons to take legal force in the territory of the Republic of Kazakhstan, such documents are subject to certification by a notary or by persons engaged in counselling. If the Republic of Kazakhstan joins the Hague Convention that repeals the requirement of legalization of foreign official documents of October 5, 1961, the procedure for legalization of foreign documents may be simplified.
<p>b) Accounting, auditing and bookkeeping services</p> <p>Accounting services (CPC 8621, except for auditing)</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None, except:</p> <p>a) the restrictions specified under horizontal commitments; and</p> <p>b) services to be rendered only through a legal person of the Republic of Kazakhstan.</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments.</p>	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) None, except the restrictions specified under horizontal commitments</p> <p>(4) Unbound, except as specified in horizontal commitments.</p>	

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Services in the area of accounting , except for tax declarations (CPC 8622)	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments; and b) services to be rendered only through a legal person of the Republic of Kazakhstan. (4) Unbound, except the restrictions specified under horizontal commitments.	(1) Unbound (2) None (3) None, except the restrictions specified under horizontal commitments. (4) Unbound, except the restrictions specified under horizontal commitments.	
e) Comprehensive engineering services (CPC 8673) on projects for transport infrastructure, water supply and sewerage, as well as “turn key construction” projects for processing industry enterprises (CPC 86731, 86732, 86733)	(1) Unbound (2) None (3) None, except: a) restrictions specified under horizontal commitments; b) access is possible for natural persons who render services on behalf of a legal person after their qualifications and accreditation are recognized by the appropriate trade union of the Republic of Kazakhstan; and c) services to be rendered only through a legal person of the Republic of Kazakhstan. (4) Unbound, except the restrictions specified under horizontal commitments.	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments; b) access is possible for natural persons who render services on behalf of a legal person after their qualifications and accreditation are recognized by the appropriate trade union of the Republic of Kazakhstan; and c) specialists in the area of engineering survey (namely, land-surveyors, geophysicists, hydrologists, construction engineers) must additionally have proofs to attest that they have experience working in their professional capacity in the field within five years or internship in the field in Kazakhstan for two years under supervision of a Kazakstani specialist. (4) Unbound, except the restrictions specified under horizontal commitments.	(3) Accreditation requirements are as follows: recognition of technical qualification in Kazakhstan, work experience in the field of construction; submission of successful projects within two recent years; high quality of management and technical skills; references from foreign first-class banks.
2. Computer and computer maintenance services			
a) Consulting services related to the installation of computer hardware (CPC 841)	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments;	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments	

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	b) the share of foreign participation in charter capitals of legal persons must not exceed 60 per cent; and c) services to be rendered only through a legal person of the Republic of Kazakhstan. (4) Unbound, except the restrictions specified under horizontal commitments.	(4) Unbound, except the restrictions specified under horizontal commitments.	
b) Software distribution services			
Consulting services related to computer software (CPC 84210)	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments; b) the share of foreign participation in charter capitals of legal persons must not exceed 60 per cent; and c) services to be rendered only through a legal person of the Republic of Kazakhstan. (4) Unbound, except the restrictions specified under horizontal commitments.	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments.	
System analysis services (CPC 84220)	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments; b) the share of foreign participation in charter capitals of legal persons must not exceed 60 per cent; and c) services to be rendered only through a legal person of the Republic of Kazakhstan. (4) Unbound, except the restrictions specified under horizontal commitments.	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments; (4) Unbound, except the restrictions specified under horizontal commitments.	
Maintenance services (CPC 84250)	(1) Unbound (2) Unbound (3) None, except: a) the restrictions specified under horizontal commitments;	(1) None (2) Unbound (3) None, except the restrictions specified under horizontal commitments	

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	<ul style="list-style-type: none"> b) the share of foreign participation in charter capital of legal persons must not exceed 60 per cent; and c) services to be rendered only through a legal person of the Republic of Kazakhstan. <p>(4) Unbound, except the restrictions specified under horizontal commitments.</p>	<p>(4) Unbound, except the restrictions specified under horizontal commitments.</p>	
c) Data processing services (CPC 84320)	<ul style="list-style-type: none"> (1) Unbound (2) None (3) None, except: <ul style="list-style-type: none"> a) the restrictions specified under horizontal commitments; b) the share of foreign participation in charter capital of legal persons must not exceed 60 per cent; and c) services to be rendered only through a legal person of the Republic of Kazakhstan. (4) Unbound, except the restrictions specified under horizontal commitments. 	<ul style="list-style-type: none"> (1) None (2) None (3) None, except the restrictions specified under horizontal commitments; (4) Unbound, except the restrictions specified under horizontal commitments. 	
d) Data base related services (CPC 84400)	<ul style="list-style-type: none"> (1) Unbound (2) None (3) None, except: <ul style="list-style-type: none"> a) the restrictions specified under horizontal commitments; b) the share of foreign participation in charter capital of legal persons must not exceed 60 per cent; and c) services to be rendered by a legal person of the Republic of Kazakhstan. (4) Unbound, except the restrictions specified under horizontal commitments. 	<ul style="list-style-type: none"> (1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments. 	
Services of Maintenance and Use of Computers and Office Equipment (CPC 84500)	<ul style="list-style-type: none"> (1) Unbound (2) Unbound (3) None, except: <ul style="list-style-type: none"> a) the restrictions specified under horizontal commitments; b) the share of foreign participation in charter capitals of legal persons 	<ul style="list-style-type: none"> (1) None (2) Unbound (3) None, except the restrictions specified under horizontal commitments 	

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	<p>must not exceed 60 per cent; and</p> <p>c) services to be rendered by a legal person of the Republic of Kazakhstan.</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments.</p>	<p>(4) Unbound, except the restrictions specified under horizontal commitments.</p>	
Input Data preparation services (CPC 84310)	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) None, except:</p> <p>a) the restrictions specified under horizontal commitments;</p> <p>b) the share of foreign participation in charter capital of legal persons must not exceed 60 per cent; and</p> <p>c) services to be rendered only through a legal person of the Republic of Kazakhstan.</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None, except the restrictions specified under horizontal commitments</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments.</p>	
3. Research and development services			
b) research and experimental development in sphere of social sciences and humanities (CPC 8520)	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments in Part I.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Unbound</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments in Part I.</p>	
5. Rental \ leasing services without operators			
a) Ships (CPC 83103)	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments in Part I.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments in Part I.</p>	
b) Aircraft (CPC 83104)	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments in Part I.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments in Part I.</p>	
c) Other types of transport equipment (CPC 83105)	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments in Part I.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except the restrictions specified under horizontal commitments in Part I.</p>	

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d) Other machinery and equipment (CPC 83109)	(1) None (2) None (3) None (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	
6. Other commercial services			
b) management related to consulting services (CPC 8650)	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments, test for economic needs. (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments. (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	
d) services related to management consulting (CPC 8660), except labor arbitrage (CPC 86602)	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments, test for economic needs. (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments. (4) Unbound	
p) Photographing services (CPC 87501, 87503, 87505, 87506)	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	
q) Packaging services (CPC 87600), except bottling of spirits containing and alcoholic products	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	
II. POSTAL SERVICES			
c) Courier services (CPC 7512), except services rendered by state institutions	(1) Unbound (2) None (3) None, except: a) services to be rendered only through a legal person of the Republic of Kazakhstan; and b) use of state postal networks to provide	(1) None, except the restrictions specified under horizontal commitments (2) None (3) None, except the restrictions specified under horizontal commitments	

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	commercial services is possible only under specifically concluded agreements. The aggregate share of foreign participation in charter capital must not exceed 50 per cent. (4) Unbound, except the restrictions specified under horizontal commitments	(4) Unbound, except the restrictions specified under horizontal commitments	
<p>3. Telecommunications services</p> <p>Measures applicable to all sectors of telecommunications</p> <p>1. Rendering of telecommunications services and use of radio frequency wave spectrum to render telecommunications services shall be subject to licensing. Rendering of inter-city and international telecommunications services must be effectuated only through inter-city and international shared telecommunications centers. Licenses for the right to provide telecommunications services and to use radio frequency wave spectrum shall be issued by the state authorized body in the area of telecommunications exclusively to the applicant and may not be transferred to any third party. Restrictions on a quantity of licenses may be connected with insufficiency of radio frequency resources and telephone numeration shared telecommunications networks.</p> <p>2. Connecting to shared networks shall be allowed only in compliance with technical conditions for shared networks to be issued by the National Operator of communications and shall depend on technical capacities of such shared telecommunications network. Telecommunication equipment and terminals for rendering telecommunication's services shall be subject to mandatory certification in the state system of certification of the Republic of Kazakhstan. Connection of telecommunication network to shared telecommunication networks shall be allowed only at the levels and in the points, specified in the license issued to an operator of the network to be connected to upon agreement.</p> <p>3. International and inter city traffic of communication operators, connected to a shared telecommunication network, shall be used only through international and long-distance channels of the National Communication operator.</p> <p>4. Satellite telecommunications networks must have management centers and billing centers in the territory of the Republic of Kazakhstan.</p> <p>5. Tariffs of monopolistic operators shall be regulated by the state authorized body for competition protection.</p> <p>6. Call-back and re-file services are prohibited.</p> <p>These terms relate to sub-sectors from (a) to (n) below in respect of market access and national treatment in all four modes of supply:</p>			
<p>a) Telephone data transmission services (CPC 7521)</p> <p>b) Packed-switched data transmission services (CPC 7523)</p> <p>c) Circuit-switched data transmission services (CPC 7523)</p> <p>d) Telex services (CPC 7523)</p> <p>e) Telegraph services (CPC 7522)</p>	<p>(1) None, except the restrictions specified under horizontal commitments</p> <p>(2) None</p> <p>(3) None, except the restrictions specified under horizontal commitments</p> <p>(4) Unbound, except those specified in horizontal commitments</p>	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) None, except the restrictions specified under horizontal commitments</p> <p>(4) Unbound, except the restrictions specified in horizontal commitments</p>	

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f) Facsimile services (CPC 7521+7529) g) Private leased circuit services (CPC 7522+7523) h) E-mail services (CPC 7523) i) Voice mail services (CPC 7523) j) Database data exchange and data retrieval k) Electronic data interchange services l) Facsimile services with added value, including storage and sending, as well as data storage and retrieval m) Code and protocol conversion n) Data exchange services in real time scale and/or database processing (including exchange)			
III. CONSTRUCTION SERVICES			
1. Construction works to build hotels, restaurants and similar buildings (CPC 5126) 2. Constructions works to build bridges, ground automobile roads, tunnels and structures of underground roads (CPC 5132) 3. Leasing services related to equipment for construction and demolition of buildings and objects of civil construction with an operator (CPC 518)	(1) None (2) None (3) None, except: a) the restrictions specified under horizontal commitments; and b) services to be rendered through a legal person of the Republic of Kazakhstan only. (4) Unbound, except the restrictions specified	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments; b) 80 per cent of economic activity of a foreign legal person must include certain types of construction works; and c) licenses for the right to construction and installation works are issued to foreign legal and natural persons in respect of a specific construction object provided a contract is presented which is signed as a result of an open tender. (4) Unbound, except the restrictions specified	

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	under horizontal commitments.	under horizontal commitments.	
IV. TRADE SERVICES			
No commitments shall be made in respect of the distribution of the following products:			
<ul style="list-style-type: none"> - explosive materials, equipment and devices for blasting and pyrotechnic items; - measurements devices used in the area of state metrological control and supervision; - ethyl spirits, alcoholic and spirits containing products; - narcotics and psychotropic substances; - agricultural raw materials and live animals (62111, 6221) 			
These conditions relate to the sub-sectors from the first to the third items below in respect to market access and national treatment by (1), (2), and (3) modes of supply:			
1. Services of commission agents (CPC 62113, 62114, 62115, 62116)	(1) Unbound (2) None (3) Authorization of local authorities is required. Test for economic needs. ¹ (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None. (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	
2. Whole sale services (CPC 6111, 61130, 61210)	(1) Unbound (2) None (3) Authorization of local authorities is required. Test for economic needs. (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	
3. Retailing services (CPC 6323, 6324)	(1) Unbound (2) None (3) Authorization of local authorities is required. Test for economic needs (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	
4. Franchising Services (CPC 8929)	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments in Part I (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	

¹ The criteria of this test are based the density of the population, the impact produced on existing shops and the necessity to create new jobs.

Mode(s) of Supply: 1. Cross-border supply 2. Consumption abroad 3. Commercial presence 4. Presence of natural persons

Sector or subsector	Restrictions on market access	Restrictions on national treatment	Additional commitments
V. SERVICES IN EDUCATION			
3. Services in higher private education (CPC 923)	(1) Unbound (2) None (3) Unbound (4) Unbound, except the restrictions specified under horizontal commitments.	(1) Unbound (2) None (3) Unbound (4) Unbound, except the restrictions specified under horizontal commitments.	
4. Services in private education for adults (CPC 92400)	(1) Unbound (2) None (3) None, except for restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments.	(1) Unbound (2) None (3) None, except for restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments.	
VII. FINANCIAL SERVICES			
Under paragraph 2 (a) of the Annex on Financial Services of the General Agreement on Trade in Services, Kazakhstan will not prohibit application of precautionary measures by the authorized supervising bodies, including protection of investors, depositors, insurance policy holders or authorized representatives of financial service providers or measures to ensure the integrity and stability of the financial system.			
All insurance and insurance related services			
<ol style="list-style-type: none"> Only legal persons established within the territory of the Republic of Kazakhstan and who have obtained rights in such operations (licenses) shall carry out insurance activity. Operations of foreign insurance organizations in the capacity of insurers in the territory of the Republic of Kazakhstan shall be prohibited. Citizens, including foreign persons, stateless persons and all legal persons who carry out their operations in the territory of the Republic of Kazakhstan shall insure themselves against risks related to such operations with insurance organizations of the Republic of Kazakhstan. An insurance organization that has obtained a license to engage in life insurance, shall not have the right to engage in any other types of insurance and vice versa. Insurance companies can be solely established only in the form of Joint Stock Companies. Foreign participants of an insurance (re-insurance) organization may be only insurance (re-insurance) organizations of a certain rating (the minimal rating and list of rating agencies is established by the insurance supervising body). Total registered Charter Fund of insurance (re-insurance) organizations with foreign participation shall not exceed 25 per cent of the total registered charter fund of all insurance (re-insurance) organizations of Kazakhstan. A legal person which has a status of a company, registered in an offshore zone, can not be a participant of a resident insurance organization of the Republic of Kazakhstan. The share of natural persons - residents of the Republic of Kazakhstan must be at least 50 per cent in the Managing Bodies (Boards of Directors, Managing Panels) of insurance organizations with foreign participation, and their staff must include at least 75 per cent of residents of the Republic of Kazakhstan. No person may directly or indirectly own over 25 per cent of the shares of an insurance organization (except, its subsidiary companies). Activities of foreign insurance (re-insurance) organizations to re-insure risks assumed by insurers of Kazakhstan shall be carried out through branches and representative offices registered in the Republic of Kazakhstan with a permission of the insurance supervising body. Foreign legal persons may engage in the territory of the Republic of Kazakhstan in insurance broker's operations only to provide services to insurers of the Republic of Kazakhstan to re-insure their risks abroad. In this case, foreign legal persons shall carry out their activities through their branches and representative office in the territory of the Republic of Kazakhstan registered pursuant to the statutory procedure. An insurance broker shall operate in the territory of the Republic of Kazakhstan only under a license issued to the broker by the insurance supervising body. <p>These terms relate to sub-sectors from a) to d) below in respect to market access and national treatment.</p>			

Mode(s) of Supply: 1. Cross-border supply 2. Consumption abroad 3. Commercial presence 4. Presence of natural persons

Sector or subsector	Restrictions on market access	Restrictions on national treatment	Additional commitments
a) Life insurance services (CPC 81291)	(1) Unbound (2) Unbound (3) None (4) Unbound, except the restrictions specified under horizontal commitments.	(1) Unbound (2) Unbound (3) None (4) Unbound, except the restrictions specified under horizontal commitments.	
b) Insurance services, other than life insurance (CPC 8129, except for 81291, 81299)	(1) Unbound (2) All legal persons, conducting activity on the territory of Kazakhstan, shall enter into contracts only with local insurance companies (3) None (4) Unbound, except the restrictions specified under horizontal commitments.	(1) Unbound (2) Unbound (3) None (4) Unbound, except the restrictions specified under horizontal commitments.	
(c) Services on reinsurance and retrocession (CPC 81299)	(1) Unbound (2) Unbound (3) Unbound (4) Unbound, except the restrictions specified under horizontal commitments.	(1) None (2) None (3) None (4) Unbound, except the restrictions specified under horizontal commitments.	
(d) Auxiliary insurance services (including brokering and agency services) (CPC 81401)	(1) Unbound (2) Unbound (3) Foreign legal persons may operate in the territory of the Republic of Kazakhstan in the capacity of insurance brokers only to provide services to insurers of the Republic of Kazakhstan to re-insure their risks abroad. Insurance broker's operations shall be subject to licensing (4) Unbound, except as specified horizontally.	(1) Unbound (2) Unbound (3) None (4) Unbound, except the restrictions specified under horizontal commitments.	

2. BANKING AND OTHER FINANCIAL SERVICES

- Only banks are authorized to engage in banking under licenses of the National Bank of the Republic of Kazakhstan to conduct banking transactions. Organizations other than banks are legally able to conduct certain banking transactions provided they are licensed by the National Bank of the Republic of Kazakhstan. In order to obtain a license to engage in banking transactions, a bank is required to within one year from the day of state registration meet all applicable requirements of organizational and technical nature, hire personnel of appropriate qualification as well as pay for the announced charter capital.
- Banks may be established only in the form of Joint Stock Companies of Closed Type (JSCCT).
- State registration of a bank is carried out based on a permission of the National Bank and provided there are founding documents approved by the National Bank.
- It shall be prohibited for foreign banks to open up affiliates in the Republic of Kazakhstan.
- Representative offices of non-resident banks shall be opened in the territory of the Republic of Kazakhstan with permissions of the National Bank of Kazakhstan.
- It shall be possible for a non-resident bank to set up a subsidiary non-resident bank of the Republic of Kazakhstan and to acquire over 50 per cent of shares of a resident bank of the Republic of Kazakhstan only after one year of operations in the territory of the Republic of Kazakhstan of its representative office.

Mode(s) of Supply: 1. Cross-border supply 2. Consumption abroad 3. Commercial presence 4. Presence of natural persons

Sector or subsector	Restrictions on market access	Restrictions on national treatment	Additional commitments
<p>7. A father bank in respect of a subsidiary bank may be non-resident banks of the Republic of Kazakhstan that have a certain rating standing with one of the main rating agencies which is not to be lower than the one held by the Republic of Kazakhstan (this requirement shall cover acquisition of over 50 per cent of shares of resident banks of the Republic of Kazakhstan by non-resident banks as well).</p> <p>8. The aggregate amount of registered charter capitals of banks with foreign participation may not exceed 10 per cent of the total registered charter capital of all banks of Kazakhstan.</p> <p>9. The share of persons – resident of the Republic of Kazakhstan in the managing bodies (Boards of Directors, Managing Panels) of banks with foreign participation must be at least 50 per cent and their personnel - at least 75 per cent.</p> <p>10. A legal person who has a status of a company registered in an offshore zone or natural persons who are founders (shareholders) of a legal person registered in an offshore zone, the list of which is established by the National Bank of Kazakhstan, may not be founders or shareholders of resident banks of the Republic of Kazakhstan.</p> <p>11. The National Bank of the Republic of Kazakhstan shall have a right to establish a special procedure for opening affiliates of banks with foreign participation in the Republic of Kazakhstan, in part related to the management of a maximum number of affiliates and required level of rating of a bank with foreign participation.</p> <p>12. A non-resident bank of the Republic of Kazakhstan who is a founder or a participant of a bank in addition to other required documents shall be required to provide a written confirmation from the banking supervision body of the concerned state to attest that this bank has a valid license to engage in banking transactions and that this bank is subject to supervision on a consolidated basis.</p> <p>13. A natural or legal non-resident of the Republic of Kazakhstan who is a founder or a participant of a bank, in addition to the required documents, shall be required to attach to its application for a permission to open a bank a written notice of the authorized body (for non-resident banks - banking supervision bodies) of a concerned state confirming that this person is allowed to participate in the charter capital of a resident bank of the Republic of Kazakhstan or an statement from the authorized body (for non-resident banks - banking supervision body) of a concerned state confirming that such a permission is not required under its legislation.</p> <p>The National Bank of the Republic of Kazakhstan shall have a right to request information on the financial positions of banks or organizations, founding a bank, in the charter capital of which a legal or natural non-resident person participates. If the financial position of such banks or financial organizations is not satisfactory, the National Bank of the Republic of Kazakhstan shall have a right to refuse a given legal or natural non-resident person in the charter capital of a resident bank.</p> <p>14. Non-resident legal persons of the Republic of Kazakhstan, including banks, may have five and over percent of shares of resident banks of the Republic of Kazakhstan provided they hold a minimum required rating of one of rating agencies from the list established by the National Bank of Kazakhstan.</p> <p>15. The National Bank of the Republic of Kazakhstan shall have a right to impose additional requirements on banks with foreign participation in respect of their bodies, list of available banking transactions, prudential standards and reporting procedures.</p> <p>16. Banks with foreign participation shall be required to accommodate funds into domestic (internal) assets in the amount and pursuant to the procedure established by the National Bank of Kazakhstan.</p> <p>17. The National Bank of the Republic of Kazakhstan shall have a right to establish a minimum required rating for father non-resident banks to open up subsidiary banks in Kazakhstan.</p> <p>18. Currency transactions, related to the flow of capital, which results in the transfer of funds from non-residents in favor of non-residents for the amount more than 100 thousands of US\$ or in appropriate equivalent in other currency shall be subject to mandatory registration with the National Bank of Kazakhstan for accounting purposes.</p> <p>19. Currency transactions related to the flow of capital that consist in transfer of currency funds from residents to non-residents shall be subject to licensing by the National Bank of Kazakhstan (except broker's, dealer's operations of authorized banks with state securities of non-residents).</p>			
b. Financial consulting services, provided by financial consultants on issues of mortgage,	(1) None (2) None (3) None (4) Unbound, except the restrictions specified	(1) None (2) None (3) None (4) Unbound, except as specified horizontally	

Mode(s) of Supply: 1. Cross-border supply 2. Consumption abroad 3. Commercial presence 4. Presence of natural persons

Sector or subsector	Restrictions on market access	Restrictions on national treatment	Additional commitments
exchange bureau, etc.. as well as to clients on financial issues with respect to stock exchange investments, and the issues on individual financial planning (CPC 81132)	under horizontal commitments.		
IX. TOURISM RELATED SERVICES			
1. Services of hotels and restaurants (including supply of food-stuff products, except services to supply alcohol beverages for consumption indoors, and for supplies of food-stuffs by air, land and maritime transport (CPC 641, part 642, part 643)	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments; b) presence of a tourism license issued by the Committee for Tourism; and c) services to be rendered through a legal person of the Republic of Kazakhstan only. (4) Unbound, except the restrictions specified under horizontal commitments.	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments; and b) presence of a tourism license issued by the Committee for Tourism. (4) Unbound, except the restrictions specified under horizontal commitments.	
2. Travel agencies and tour operators services (CPC 74710)	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments; b) presence of a tourism license issued by the Committee for Tourism; and c) services to be rendered through a legal person of the Republic of Kazakhstan only. (4) Unbound, except the restrictions specified under horizontal commitments.	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments; and b) presence of a tourism license issued by the Committee for Tourism. (4) Unbound, except the restrictions specified under horizontal commitments.	
X. RECREATIONAL, CULTURAL AND SPORTING SERVICES (OTHER THAN AUDIO-VISUAL SERVICES)			
1. Entertainment services (including services on organization of performances, music shows and circuses) (CPC 96194, 96199)	(1) Unbound (2) None (3) None, except: a) the restrictions specified under horizontal commitments; and b) services to be rendered through a legal person of the Republic of Kazakhstan	(1) Unbound (2) None (3) None, except the restrictions specified under horizontal commitments	

Mode(s) of Supply: 1. Cross-border supply 2. Consumption abroad 3. Commercial presence 4. Presence of natural persons

Sector or subsector	Restrictions on market access	Restrictions on national treatment	Additional commitments
	only. (4) Unbound, except the restrictions specified under horizontal commitments.	(4) Unbound, except the restrictions specified under horizontal commitments.	
XI. TRANSPORT SERVICES			
1. Maritime transport services			
d) Maintenance and repair of vessels (CPC 8868)	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments.	
2. Internal waterways services			
d) Maintenance and repair of vessels (CPC 8868)	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	
6. Road transport services			
d) Maintenance and repair of road transport equipment (CPC 6112, 8867)	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments in Part I.	(1) None (2) None (3) None, except the restrictions specified under horizontal commitments (4) Unbound, except the restrictions specified under horizontal commitments.	

I. Republic Kazakhstan: List of Exemptions from Article II (MFN) GATS

Sector or Sub-Sector of Services	Measure Description, demonstrating its discrepancy to article II GATS	Countries, in respect of which given measure is used	Period of validity	Conditions, creating the needs for given exemptions
All Sectors	Establishment of the Common Economic Union for the purposes of forming the conditions for free supply of services and assistance to growth of economic integration of countries-participants	All C.I.S. countries, with which Agreement takes effect	Indefinite	Agreement on Establishment a Free Trade Zone within the Territory of C.I.S. Countries of 15 April 1994.
	Establishment of the Common Economic Area for purposes of improving mutual trade of services and economic integration of countries-participants	Republic of Kazakhstan, Russia Federation, Belarus Republic, Kyrgyz Republic, Tadjikistan	Indefinite	Agreement on Establishment of the Customs Union (CU) of 20 January 1995. Agreement on Customs Union and United Economic Space of 26 February 1999
	Reinforcement of integrated relationships between the Central Asia Countries, fortification of their Economic Union and creation of an effectively functioning economic area of region	Republic of Kazakhstan, Uzbekistan, Kyrgyz Republic, Tadjikistan	Indefinite	Agreement on Establishment a United Economic Space of 30 March 1994.
	Establishment of a common market services, provision of mutual liberalisation of functioning of priority sectors of economy and social spheres	Republic of Kazakhstan, Uzbekistan, Kyrgyz Republic, Tadjikistan, Turkmenistan, Turkey, Afghanistan, Pakistan, Azerbaijan, Iran	Indefinite	Updated Charter of UEU -Izmir Agreement, 14 September 1996. Izmir, Turkey. This Agreement has been ratified by Kazakhstan on 29 June 1998

Explanatory Note
to the Offer of Specific Commitments on Services of the Republic of Kazakhstan

This Offer of Specific Commitments (hereinafter: the Schedule) contains the codes of the UN Universal Classification of Central Products in brackets in respect of sectors/sub-sectors (Statistical Papers Series M No. 77, Provisional Central Product Classification, Department of International Economics and Social Affairs, Statistical Office of the United Nations, New York, 1991).

All commitments listed in this Schedule are undertaken, provided that only measures set forth in paragraph 2 of Article XVI of GATS are understood as market access restrictions.

Comments to the revised Offer of Specific Commitments
on Services of the Republic of Kazakhstan

1. General Description of the revised Offer of Specific Commitments on Services of the Republic of Kazakhstan.

The Schedule of Specific Service Commitments has been revised within the last two years and approved by the Interministerial Committee of the Republic of Kazakhstan for WTO Matters.

Practically, all ministries, agencies and a number of independent institutions and experts of Kazakhstan participated in compiling these Kazakstani commitments. To this end, a significant support was rendered by several WTO members and international organizations within the framework of technical assistance. The draft was coordinated with diverse business and legislative circles of Kazakhstan and due consideration given to the regulatory experience of many WTO members that also used to be transition economies which was reflected in their commitments related to GATS.

The measures included in the draft Schedule are based on the existing legislation and on draft legislative acts that are being developed within the Government and the Parliament of the Republic of Kazakhstan. In cases where there is no legislation or drafts of future legislation, the draft Schedule reflects the major strategic policies pursued by Kazakhstan to develop its service sector, including the concept of creating a competitive market of services, depending on the priority attached to certain sectors of services for the stable development of the economy of Kazakhstan on the whole, interests of major service providers and consumers, as well as employment issues.

It is also very important to note that the service market dynamics is not reflected in full in the legislative base of Kazakhstan, which, on one hand, depends on the macroeconomic situation and, on the other hand, laws necessary for the development in trade in such service sectors, i.e. professional services, banking services, have been adopted or are being developed.

The list of Specific Commitments is reviewed to take into account, to a maximum extent possible, the economic capacity of Kazakhstan, the comments received from the following partner-countries: the EU, Switzerland and Canada provided in respect of the initial offer. Changes have to do with some modifications of the commitments in respect of courier, telecommunication, constructions, insurance and banking services as well as relate to changes of explanatory nature in certain services sectors (legal services, trading services, services in the area of education, tourism and transportation) in terms of restrictive measures and commitments relating to them.

General horizontal commitments were supplemented by the sectors of real estate, subsidies, entry procedure and temporary stay for natural persons, commercial presence and capital payments. A number of restrictive measures are also provided in order to protect the cultural legacy and domain, to limit use of materials and goods that are prohibited for free circulation, to protect socially and economically disadvantaged communities and regions, participants of agreements on product sharing, access and use of natural resources, nature reserves and special economic zones.

The absence of any commitments in the areas of environmental protection, health and social sphere is attributed to the fact that they have been placed among the "sensitive" areas which require application of measures of state regulation in order to form and ensure economic and ecological safety. The reason for narrowing commitments in respect of some other service sectors is that such services are not available currently here, for example, certain banking and financial services. This, in turn, explains the absence of appropriate legislative base and institutional structures.

A List of Exemptions from Article II of GATS is attached to the draft Schedule to indicate the intention of the Republic of Kazakhstan to provide certain exemptions from MFN in favor of certain member countries of the Customs Union, Central Asian Economic Union, Commonwealth of Independent States and Organizations of Economic Cooperation as agreed within the agreements concluded in the frameworks of these integration unions.

2. Main Indicators of the Development of the Domestic Services Sector of the Republic of Kazakhstan

The services sector is one of the most dynamically developing sectors of the economy, the significance of which will be growing in the future, although the on-going economic crisis is also affecting this sector. For example, the growth of production of services by 0.5 per cent in 1995, as compared with the year of 1994, declined in real terms in 1997 to reach 0.4 per cent. In 1998, the situation in this sector deteriorated because of the global financial crisis leading the total volume of production of services in Kazakhstan to a 1.4 per cent fall. This negatively influences the whole economy of the republic in a very significant manner, since the share of services in the national GDP is sufficiently large and continues to grow. For the period from 1990 to 1998, this share grew from 33 per cent to 60 per cent of the total GDP (see Table 1).

For the period from January to June 1999 as compared with the analogous period of the last year, the share of services in the total GDP grew from 60 per cent to 65 per cent, while the share of industrial production was reduced. The growth of the share of services in the total GDP is explained by a slower fall of production of services for the same period in real terms in comparison with the production of goods. At the same time, this is also explained by a overriding growth of prices for services as opposed to prices for goods as well as by the ongoing development of a market infrastructure of Kazakhstan and appearance of new types of services - consulting, auditing, advertising services and suchlike.

Table 1: Service Production in present prices, million Tenge

	1995	1996	1997	1998
GDP	1014190.0	1415749.7	1672142.5	1747720.0
Real Change (per cent)	91.8	100.5	101.7	97.5
Deflation Indicator (per cent)	260.9	139	116.2	107.2
Service Production	532,551.8	798,219.0	961,254.3	103,9051.8
Real Change (per cent)	100.5	103.3	100.4	98.6
Deflation Indicator (per cent)	292.2	145.1	120	110.4
Structure of Services in GDP in per cent				
	1995	1996	1997	1998
GDP	100	100	100	100
Of which: Service Production	53	57	59	60
Transport	10	10	10	10
Communications	1	2	2	2
Trade	17	17	16	17
Other Services	25	28	31	31

Financial services, wholesale services, commission agent trade, services in the area of higher education, services in the area of education for adults, touring services and advertising services accounted for a larger share in the structure of services in the Republic of Kazakhstan by all types of economic activity as reported for 1998. It does not appear possible to provide any precise data on production of services in accordance with the UN Classification of Services in Kazakhstan, because statistical data on production of services in this country is collected only by the types of economic activity (in accordance with the OCEA, edition 2, based on the NACE standard). Therefore and

further, our comments on certain services sectors will contain data in totals closer (as data permits) to the UN Classification of Services or OCEA.

International Services of the Republic of Kazakhstan

Under the condition of the remaining 12 per cent volume of turnover of international services (non-factoring) in the total turnover of goods and services during 1995-1998, the deficit in balance of international (non-factoring) services remained significant within US\$230-280 million or 0.9-1.4 per cent of the GDP (Table 2).

Table 2: Dynamics of Balance of International Services in the Republic of Kazakhstan

	million US\$			
	1995	1996	1997	1998
Balance of (Non-Factor) Services (Net)	-241	-254	-284	-230
In Percent to GDP	-0.9	-1.05	-1.4	-1.3
Services Rendered by Kazakhstan to Non-residents	535	674	842	896
A. Transportation Services	352	432	495	380
B. Tourism Services	122	199	289	407
C. Other Services	62	43	58	109
Of which: Communication Services	35	18	38	45
Services Received by Kazakhstan from Non-residents	-776	-928	-1,126	-1,126
A. Transportation Services	-298	-357	-392	-410
B. Tourism Services	-283	-319	-445	-494
C. Other Services	-196	-252	-289	-223
Of which: Communication Services	-54	-11	13	-17

Source: The Republic of Kazakhstan National Bank

In 1998, though the deficit in the balance of services contracted by 19 per cent as compared with the year of 1997, the negative balance was still seen in all components of the balance of international services of Kazakhstan. The negative balance under group titles "Tourism Services" and "Other Services" has not changed, whereas the negative balance under group title "Transportation Services" was formed for the first time in 1998, which was caused by a significant contraction in trade in goods with the other CIS countries accompanied by a fall in exports to other countries. The increase in the number of non-residents from far abroad, who arrived in Kazakhstan for business purposes, caused almost 40 per cent growth in exportation of services provided to such non-residents. On the other hand, foreign air carriers kept increasing their operations in the Kazakstani market of the passenger transportation services, overturning the positive balance in this area in 1997 into negative in 1998.

The devaluation of the Russian currency and subsequent relative decrease in prices for consumer goods in the CIS countries became a reason for intensification of trade and increased imports of goods for personal use by residents domiciled in areas bordering with Russia. As a result of more frequent visits to the areas on the border with Russia and reduction in number of those traveling for personal and business reasons far abroad, the number of trips by Kazakstani citizens traveling to the CIS countries increased almost by 60 per cent, whereas the number of trips in other countries fell by 35 per cent. On the whole, the importation of services under group title "Tourism Services" increased by 11 per cent. The negative balance in services that came about in 1998 may be attributed to a larger extent to the deficit in tourism services in the amount of US\$76.6 million.

The twofold increase in the volume of other (business-related) services provided by residents allowed to slack the deficit under this title more than in double terms. An increase in exportation of

business services mostly may be related to services provided in the area of raw material processing and construction. A significant contraction - by 43 per cent of the amount of services rendered by CIS non-residents led to an overall contraction in importation of business services by 23 per cent. Services related to construction, finance, consulting and engineering and technical services prevail in the structure of other services provided by non-residents.

The balance of income (factoring services) that is traditionally in favor of non-residents in 1998 exceeded US\$298 million or 1.3 per cent of the GDP slightly falling from the level of the previous year (US\$310 million). The contraction of the negative balance was also caused by the considerable growth of the amounts of short-term credits (loans) issued by the second level banks. On the whole, receipts from the external assets of residents exceeded the amount of income received in 1997 almost 1.4 times.

The amount of payments to non-residents for the use of external financial and labour resources was US\$390 million practically remaining at the same level as in 1997. Some changes took place in the expenditure structure on honouring financial obligations. The growth in payments to honour loaned obligations of the state and bank sectors was accompanied by a decrease in payments on credits and loans taken by enterprises of the republic (including credits attracted under the governmental guarantees and loans from direct investments). Because of a contraction in the volume of new crediting and pay-back of debts on current loans and credits, the total amount of payments decreased on debt obligations of the enterprises of the republic.

With hindsight to the aforesaid and given that the formation of many services sectors in Kazakhstan is still underway, clear criteria of their further liberalization have not been defined yet and no appropriate regulatory base has been created in respect of many of them, it appears that to undertake commitments in accordance with the proposed reviewed offer on services is the most acceptable way at present.
