



2022 annual report



**AMERICAN CHAMBER OF COMMERCE
IN KAZAKHSTAN**

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Executive Director's Message

January 2023



Dear AmCham Members,

Looking back on the Introduction to the *AmCham Annual Report* in recent years, I am struck by my observation in 2021 that the time we have all lived through ‘seems a very long time and a world away’. Indeed each year since 2019 up to the present has been filled with unexpected challenges, including 2022, the subject of the present Annual Report. The speed with which these events have followed each other has been head-spinning, creating the sense of moving through new worlds at the speed of light.

The first challenge in 2019 was the Covid-19 pandemic, unrecognized in its serious global impact until early 2020 when WHO declared the reality of the pandemic and the world went into lockdown. With the rapid development of Covid-19 vaccines at the very end of 2020, the pandemic slowly receded although it is still present in the evolution of new Covid variants. Nonetheless, life began to acquire a certain normalcy and Kazakhstan's investment community resumed its confidence and forward movement.

However, new and unexpected challenges of a social, economic, and geopolitical nature emerged in 2022. The New Year had only just been celebrated when public economic protests were taken to Kazakhstan's streets, first quietly but then turning disruptive and violent, lasting several days and leading to a new lockdown. Whether the issues raised by the protest and the resulting political changes have been resolved long-term remains to be seen.

The next challenge that erupted on February 24 was geopolitical in nature, causing global disruption - the invasion of Ukraine that continues to this day. International economic and trade sanctions imposed on Russia have spilled over into Kazakhstan, affecting global business operations, cross-border trade, energy transition, food security, and pushing inflation to new heights worldwide.

The invasion of Ukraine that can unequivocally be termed a war is an everyday reality that the world must confront. It will not be resolved soon, but the AmCham membership and Kazakhstan's broader business community have boldly and resourcefully confronted these challenges, maintaining their business operations and continuing to move forward. The Government of Kazakhstan is also confronting the new reality, complying with sanction requirements, supporting the business community, and rebuilding the country's economy that is still in post-pandemic recovery.

Prior to the 2022 events, AmCham and the world had acquired a more profound understanding of climate change and the urgent need for energy transition. AmCham attentively followed COP26, the 2021 U.N. climate summit in Glasgow, and invited international leaders and their institutions to speak at the Prime Minister's Council in preparation for Kazakhstan's attendance in Glasgow. Many of the AmCham publications featured articles on climate change and renewable energy. COP 26 attracted the world's attention with its ambitious energy transition commitments.

In 2022, the follow-up COP 27 in Egypt very astutely focused on financing energy transition, but financial planning took backstage to the war in Ukraine. COP 28 in Dubai in 2023 may recede even further into the background although the destructive power of climate change is now an urgent and inescapable reality.

And so global challenges and priorities are many, as seen in 2022 and as awaited in 2023. These forces are both global and Kazakhstan-related, but Kazakhstan's investors and business community continue to find solutions that enable them to move ahead on all fronts.

AmCham and its membership – investors, international financial institutions, educational and humanitarian institutions, NGOs - have been active observers, commentators, and participants in all of the above. We have been fortunate to have open access and a close relationship to the Government of Kazakhstan by virtue of the *AmCham-Prime Minister's Council to Improve the Investment Climate*. The Council was launched by AmCham and the Prime Minister fifteen years ago as a frank dialogue platform for AmCham monthly meetings directly with the Prime Minister and Cabinet Ministers.

AmCham has thus always 'had the Prime Minister's ear' at every stage of the new reality affecting its membership. The Prime Minister attentively listens to and absorbs AmCham recommendations for positive resolution of challenges at all times. This has been invaluable to both AmCham and to the Government, whose doors are always open to the AmCham community on the most crucial issues at the most crucial times.

AmCham planned in advance for 2022 to be the year in which all the traditional AmCham networking, socializing, and celebratory events would be resumed for our members who eagerly awaited a return to the interactive existence we all remembered from the pre-pandemic years. Networking, celebrating, and socializing would once again become a regular occurrence for our members and their colleagues in all the cities where the membership operates and lives – Almaty, Astana, Atyrau, Aktau, and Shymkent. This AmCham commitment was fully met in 2022 with great success.

AmCham traditional events included monthly *Business Roundtable Luncheons* with prestigious guest speakers, evening *Sundowners*, the glamorous black-tie *Awards Gala* with ambassadors presenting fifteen AmCham Awards, and *Family Holiday Celebrations: U.S. Independence Day*, a summer afternoon ending in a nighttime fireworks display, and *Thanksgiving*, the autumn feast expressing gratitude for the American 'horn of plenty'.

AmCham kept to its plan to bring its members back together again at AmCham events and on every possible occasion in 2022, regardless of the year's unexpected twists and turns. AmCham members turned out in large numbers for every event, every occasion, demonstrating their capacity to weather every challenge and to maintain their faith in the future. The year ahead – 2023 – promises to be an equally rich and promising year for our resourceful AmCham members.

Doris Bradbury
Executive Director

AmCham Board of Directors

AmCham is guided by a diverse and well-balanced Board of Directors elected by the membership at large. The Board consists of nine corporate members and the AmCham Executive Director; its four-member Executive Committee is composed of the AmCham President, Vice-President, Treasurer, and Board Secretary. The U.S. Embassy Senior Commercial Officer also serves as a non-voting member.

AmCham Board members are active and committed members of the Chamber who meet monthly to review AmCham operations and policy, discuss important trends and changes in Kazakhstan’s investment and trade environment, and debate new directions for the Chamber. Although AmCham headquarters are located in Almaty, the Board has traditionally sought representation from Astana and the Caspian region to ensure a voice for member companies based outside Almaty.

As fully-engaged members of the business community, Board members also sit on a range of other policy-making and advocacy bodies, where they represent member interests. Primary among these is the *Prime Minister’s Council to Improve the Business Environment*, the monthly forum for dialogue between the foreign investment community and the Government of Kazakhstan created by the Prime Minister for AmCham and its members fifteen years ago.

The other advocacy bodies on which Board members are represented include the *Foreign Investor’s Council*, where Board members advise the country’s senior government officials, and through them the Country’s President, on draft legislation and regulatory changes that impact directly on Kazakhstan’s business environment. Board members also sit on advisory bodies of Kazakhstan’s educational institutions and philanthropic committees, as well as lending support to cultural bodies.

The AmCham Executive Director sits on the Board of the *OECD Anti-Corruption Network* and its *Business Integrity Steering Committee* in Paris, and maintains active partnerships with the *World Bank*, *IMF*, *WTO*, *WHO*, *EBRD*, *IFC*, *ADB*, and other international organizations for advocacy purposes and to provide briefings on Kazakhstan’s investment climate upon request.

The AmCham Board is guided by strict conflict of interest guidelines built into AmCham bylaws and operates according to the highest ethical and professional standards. All Board members serve without financial compensation.

Looking Ahead: The AmCham Board in 2023

The Board Nominations and Elections process is conducted each year in December-January, and election results are announced at each year’s Annual General Meeting at the end of January. Board candidates on the Election Ballot are corporate leaders from the AmCham membership across Kazakhstan. Regional representation and diversity of industry sectors are major factors in nominations submitted by the membership at large.

The 2023 Board Elections will renew and bring on new Board members for five seats, maintaining the diversity in representation for regions and industries outlined above.

AmCham Board of Directors 2022

AmCham Executive Committee



Kenneth Mack
President
Principal
Mack Law



Bela Ferenczi
Vice-President
President, Russia/CIS
GE International



Paul Cohn
Treasurer
Assurance Partner
EY



Inna Alkhimova
Secretary
Partner,
Head of Tax & Legal
KPMG

Board Members



Doris Bradbury
Executive Director
AmCham in Kazakhstan



Dana Inkarebekova
Managing Partner
PwC



Dmitry Kozenkov
CEO
Pfizer



Derek Magness
Managing Director
Eurasia Business Unit
Chevron



Yevgeniy Nastradin
Chief Executive Officer
Beeline Kazakhstan



Donald Townsend
Senior Commercial Officer
U.S. Embassy
Kazakhstan



Saule Zhakayeva
Chairperson
Citibank Kazakhstan

2022 AmCham Membership

AmCham was founded in 1999 by 36 U.S. companies. Today it is Kazakhstan's leading international business association with a membership composed of over 200 companies and organizations: major multinational corporations, leading companies from every corner of the globe, mid-sized to small local businesses, international financial institutions, non-profit organizations, and a handful of individual members, including university professors and noted regional experts.

AmCham's diverse membership consists of roughly 30% U.S. companies and 70% non-U.S. corporate members (European, Asian, Middle Eastern) spread across five membership categories and more than twenty industry sectors. AmCham's diversity is its strength and enables the AmCham membership to be seen by the Government of Kazakhstan as representing the most comprehensive, high-profile foreign investment community.

A notable trend over the past decade has been the steady growth year after year of the AmCham Corporate A membership category, the top tier of AmCham membership. This was paralleled by a decline in small and medium businesses, representing the difficulties experienced by SMEs in operating in Kazakhstan's investment environment. This trend intensified in recent years as the pandemic undercut the ability of smaller businesses to generate revenue. Many smaller businesses ceased to operate, some going out of business, some waiting hopefully for economic recovery without any certainty of when this would occur.

Membership renewals and new memberships were particularly noteworthy in 2022. Given the need to relocate regional headquarters from Russia to other countries due to the war with Ukraine and resulting sanctions, former AmCham members who had established their regional bases in Russia returned to Kazakhstan, and a significant number of new members from Russia sought to establish new offices and new operations in either Almaty or Astana. AmCham received almost daily queries about membership from a broad range of companies.

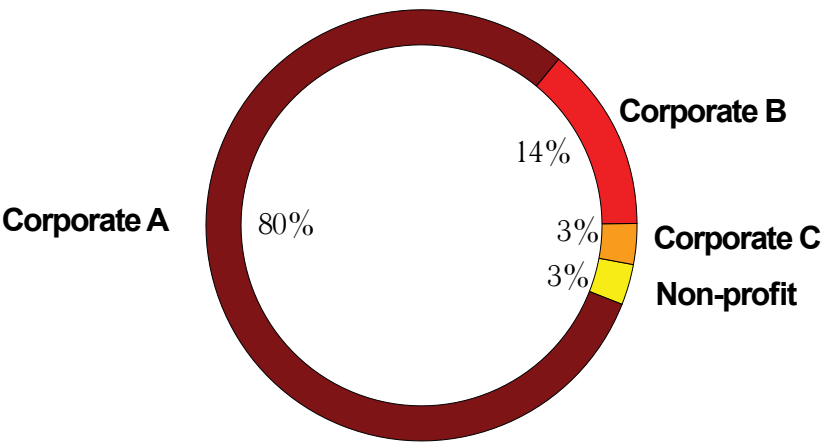
The relocations, which cover a large scope of industries and professional services, have taken time and are still in process. Kazakhstan welcomed the new arrivals and has benefitted from the inflow of new companies and fresh talent. Most of these new members are either elite Corporate A members or their operations are conducted with Corporate A members, as has been the trend in recent years.

Looking Ahead: AmCham Membership in 2023

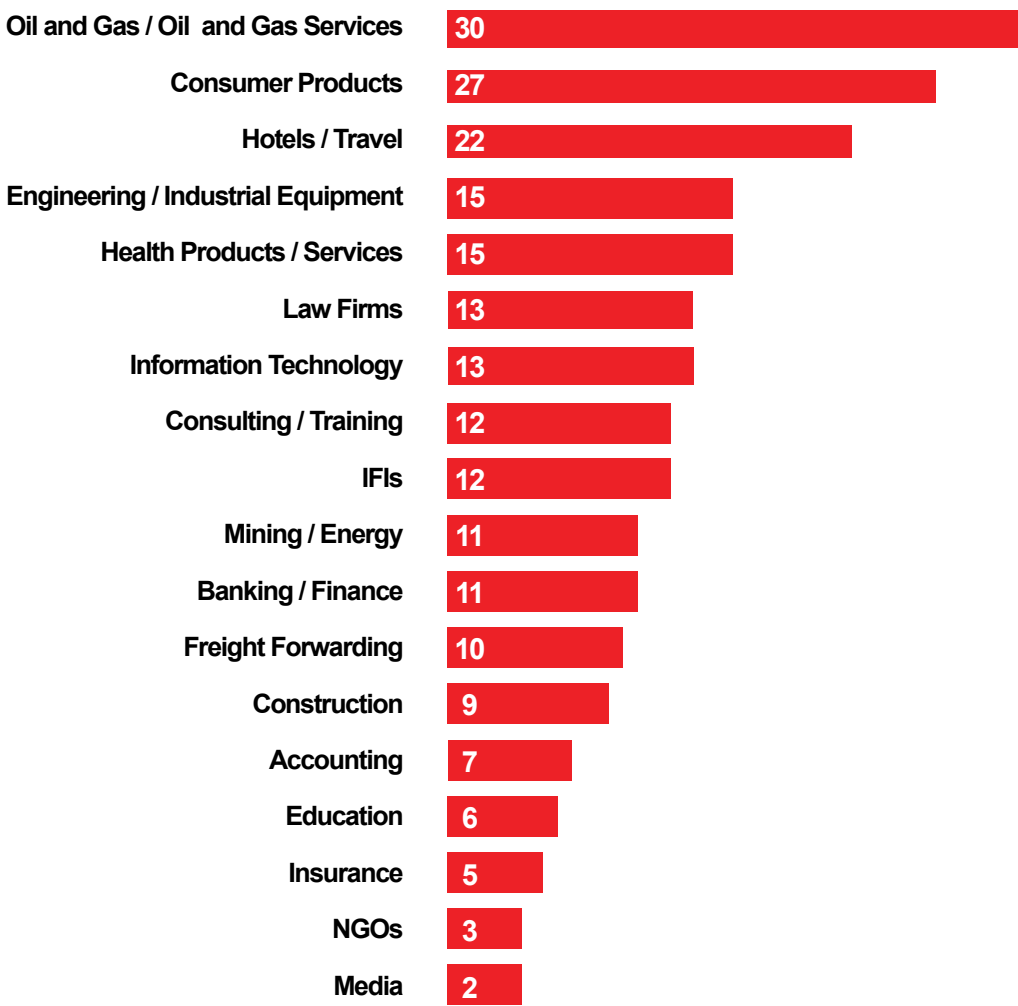
The above trend in relocations and new or renewed memberships is expected to continue in 2023 as long as the current regional geopolitical turmoil continues. Kazakhstan has set an example by accepting and welcoming these highly professional and well-educated investors and new members, who have joined AmCham, quickly and seamlessly integrating into Kazakhstan's business community.

2022 Membership

Corporate Category



Industry Sector



2022 AmCham Advocacy

Advocacy to improve the legislative and regulatory environment in which the business community operates is a fundamental part of the mission of both the U.S. Chamber of Commerce and the American Chambers of Commerce around the world. Economic and business conditions vary widely from country to country along with political and social conditions affecting the economy, but wherever AmChams exist, they speak with an authoritative voice about the need to create optimal conditions for business to flourish.

AmCham in Kazakhstan has always recognized advocacy as a driving force that gives the foreign business community a strong and positive role to play in its host country, a role that benefits not only foreign investors, but the country's business community at large. Kazakhstan is an ambitious country with an active agenda of change as it seeks to establish its economic and political presence in the international arena. The Government seeks out advice from the foreign community, and from AmCham in particular, to identify the proper strategies to achieve its ambitious goals.

Beginning in 2008, AmCham conducted a planned and consistent advocacy initiative, the **AmCham Economic Policy Program (AEPP)**, which worked directly with the Prime Minister's Office, submitting White Papers on the economy and organizing conferences on selected topics of critical importance to the investment community. Each year this advocacy program developed further, and in 2010 the Prime Minister proposed that the **AmCham - Prime Minister's Council to Improve the Investment Climate** be formed for AmCham as the exclusive representative of the foreign investment community to provide its commentary and recommendations to the Government.

The Council to Improve the Investment Climate: AmCham Represents the International Foreign Investment Community

In 2010 the **Council to Improve the Investment Climate** began to meet on a monthly basis in-person with the Prime Minister and a select group of Cabinet Ministers responsible for the country's economy at Government House in Astana to discuss topics chosen by AmCham. The Council's dialogue platform was a crucial step in enabling AmCham to represent its members' views at the most senior levels of Kazakhstan's Government.

The Council has a rotating panel of leading CEOs from among the diverse AmCham membership - diversity being stressed with respect to industry and regional representation. The CEOs are supplemented by additional speakers from the AmCham membership and from International Financial Institutions located outside Kazakhstan possessing valuable expertise and perspectives on the topics under discussion.

An important component of the Council are four Ambassadors - the U.S., U.K., E.U., and Canadian Ambassadors - who attend and speak at all meetings, providing insight into their countries' investment priorities and historical experience. The Council Ambassadors have also invited foreign experts from their own countries to speak on cross-cutting issues with particular resonance for Kazakhstan's development. The diplomatic perspective is an invaluable element lending the Council discussions depth and a broader international perspective.

A frequent presence at the Council has been the **Organization for Economic Cooperation and Development (OECD)**, which has sent many speakers to Kazakhstan at AmCham's invitation to participate in Council discussions on governance, rule of law, anti-corruption, privatization, and fair competition. Given Kazakhstan's stated ambition to become an OECD member, OECD speakers have been warmly welcomed and received the Government's full attention.

Other International Financial Institutions regularly participating in the Council at AmCham's invitation include the **Asian Development Bank (ADB)**, the **International Monetary Fund (IMF)**, the **International Financial Corporation (IFC)**, and the **European Bank for Reconstruction and Development (EBRD)**.

The **Council to Improve the Investment Environment** is now entering its fifteenth year, signifying its success and the credibility it has acquired with the Prime Minister and Government of Kazakhstan, which listens carefully to AmCham member recommendations and have increasingly implemented changes that benefit the business community.

The Government has frequently offered its own suggestions to enhance Council operations, and so the Prime Minister suggested holding Council pre-meetings between speakers and Ministers to expand the dialogue. This has proven invaluable in deepening the dialogue and relationship with Ministers, opening doors to follow-up meetings by AmCham members and facilitating success in resolving disputes between companies and Government agencies in recent years.

The Council in 2022: New and Unexpected Challenges

Recent years have seen Kazakhstan facing a constant series of challenges that tested the investment community's resilience. However, AmCham members and their business colleagues have weathered the challenges well, continuing the Council meetings, albeit with occasional disruptions. In 2019, a political upheaval occurred when President Nazarbayev stepped down after nearly thirty years at Kazakhstan's helm. He was replaced by his appointed successor, Kassym-Jomart Tokayev, who was confirmed shortly thereafter in a Presidential Election and who proceeded to appoint a new Government and Cabinet.

In 2020, the Covid-19 pandemic swept across the world and was confirmed as a global emergency in March by the **World Health Organization**. Quarantines and lockdowns were declared in countries on all continents, interrupting the international economy and business operations. Intensive effort to develop vaccines to control Covid-19 met with success in early 2021, but the vaccination process on a global scale was slow and is still in process in some countries.

By late 2021, global vaccinations had achieved notable success and the economy revived, although obstacles still existed and inflationary trends caused by national efforts to offset economic disruption had become a serious challenge. In Kazakhstan, economic and social disturbances unexpectedly broke out immediately after the New Year Holiday in 2022. The legitimate protests, at first calm but soon turning violent, shut down Kazakhstan's main cities, again disrupting the country's normal economic operations.

The disruptions receded and peace returned to Kazakhstan, but a Russian invasion of Ukraine was launched in late February with long-term impact on Kazakhstan, the CIS, and the entire world. In response, international sanctions against Russia were declared, affecting trade relations between Russia and Kazakhstan and disrupting Russian economic relations with the global community. However, Kazakhstan's resilient investment community and its Government have adjusted to the sanctions and daily challenges that are now a feature of business in Kazakhstan.

Apart from the economic and political challenges, the rapid onset of global climate change has become an everyday reality. The **COP 26 Energy Summit** in Glasgow in 2021 brought an awareness of the urgency of Energy Transition to the center of attention for the first time, heightening the importance of the **Paris Accords**, to which Kazakhstan – an oil-rich nation - is a signatory.

During this continuous chain of unexpected and disruptive events since 2019, Kazakhstan and AmCham members have always aimed to adapt and to continue planning for a successful future. Difficult though it may have been, they have succeeded as has been shown in 2022. AmCham has addressed these issues as they arose at the Prime Minister's Council, meeting with mutual support from the Government.

AmCham and the Council in 2022: Adapting to the New Daily Reality

At the end of 2021 and in early 2022 AmCham continued highlighting Kazakhstan's *COP26 Energy Transition* commitments with the Prime Minister and Government at the Council in an effort to maintain an awareness of this persistent global challenge despite the many other challenges that had arisen in 2021. *COP 27* was planned in Egypt to follow up on the COP 26 messages and commitments with a focus on financing the enormous scale of global climate change.

December 2021 - Financing COP26 Commitments: Speakers at the last Council session in 2021 set the stage for 2022: a highly diverse group of noted international experts who addressed both the transition process and its financial challenges: *Dr. Fatih Birol, Executive Director of the International Energy Agency (IEA)*, who stressed the importance of creating a financial strategy to implement the COP26 commitments and the *IEA* responsibility to implement the commitments, and *Nicolas Blancher, IMF Eurasia Division Chief*, who stressed the role of the state and private sector to cooperate and deliver a coherent fiscal policy to implement the ambitious COP energy transition plan. Further presentations were made by the *OECD, EBRD, TotalEnergies, Eni, the Ambassadors of the Netherlands and Italy, and EY experts from Canada*.

March 2022 - Revisiting Financial Goals Set by COP26: In light of a change of Prime Ministers, it was decided to revisit the COP 26 financial goals for the new Prime Minister with a slightly different and updated perspective. A number of the speakers spoke forcefully about the need to reduce the use of coal. *EY* saw energy transition as opening up ample opportunities for Kazakhstan to market its energy resources globally as a producer of cheap power in the metals and mining sector.

April 2022 - Tax Policy/ Tax Reform and International Sanctions Impact on Kazakhstan's Investment Climate: The April Council meeting was devoted to two separate topics: tax legislation and the secondary sanctions impact on Kazakhstan's investment climate. The Morgan Lewis Law Firm presented a detailed analysis of the secondary sanctions as they existed at that time.

Three presentations on *Tax Policy* followed: long-term challenges in the Tax Code for tax structure, interpretation, implementation, and frequent disputes arising from a lack of transparency and predictability. *Dividends, permanent establishment, double taxation, and royalties* were addressed.

The four corporate presentations that followed - *Halliburton* (oilfield services), *Coca-Cola* (beverages), *Inditex* (retail clothing chain), and *Americana Group* (Costa Coffee) - provided specific examples of difficulties in negotiating resolutions for tax disputes: *intellectual property, customs, excise taxes, discrimination between foreign and local investors* in taxes and penalties, and *recurrent inspections/ penalties*.

June 2022 – Impact of Secondary Sanctions: Logistics and Banking Sanctions: The June Council session was fully devoted to the impact of secondary sanctions on Kazakhstan's business operations and economy. The traditionally close trade relations between Kazakhstan and Russia affected by the international sanctions, causing difficulties in many areas. Logistics, cross-border transportation, banking, and customs, were discussed.

Logistics and transportation routes present significant obstacles to cross-border trade. The *Middle Corridor* via Aktau, Baku, and Georgian ports has existed for some time but has not been fully utilized. Now it is seen as a new route that may be beneficial in the future, but further investment is needed.

Banking has been fraught with initial problems arising from the sharp devaluation of the tenge in mid-March and policy rate hikes that have increased the cost of funding and interest rates. Russian banks operating in Kazakhstan elevate the risk of secondary sanctions and entail additional compliance and governance measures.

Inflation has proven a serious problem across the board, Costs for companies have multiplied and globally the cost of logistics has skyrocketed. Exchange rates continue to fluctuate significantly from day to day. All of these obstacles were discussed at the June Council, challenges for both investors and the Government, that must confront the challenges together.

The Government's need to confront the economic restrictions and fully comply with the sanctions was acknowledged. This has added to the weight of the country's post-pandemic economic recovery plan along with the general context of uncertainty and geopolitical disruption. Investors and the Government would need to be closely aligned and in constant communication to maintain a positive investment climate.

November 2022 - Tax Reform and Tax Policy Recommendations

The November Tax Reform session was fairly eclectic, combining two 'big picture' presentations by the Asian Development Bank and EY, and two corporate tax/royalty presentations hinging on intellectual property. The customs/royalties problem has been recurrent since the Council was formed fifteen years ago and needs a permanent resolution. AmCham has devoted extensive analysis to intellectual property as it affects a number of industries over the past decade.

The session's first presentation highlighted a fundamental challenge inherent in Kazakhstan's Tax Code: sudden retroactive reinterpretations of contracts and sudden changes in tax rates, and the burden of excessive due diligence and paperwork in the taxation process.

The Asian Development Bank stressed the Government's need to increase fiscal decentralization to improve income distribution and lessen fiscal imbalances. The current system concentrates economic activity in parts of the country and limits opportunities to mobilize local potential, thus decreasing economic dynamism.

At the end of the November session, the Prime Minister spoke about the Government's intention to revise the Tax Code in 2023. AmCham proposed that its tax experts, particularly among the Big Four firms, would be available to work with the Government on tax policy and specific tax issues needing change and resolution.

Looking Ahead: The Council to Improve the Investment Climate in 2023

Advocacy will continue to be at the top of the AmCham agenda in 2023. Over the past fifteen years AmCham advocacy has increased in importance year by year as it adds new components to its advocacy strategy on behalf of its membership. The **Council to Improve the Investment Climate** is now the most important forum for investor dialogue with the Government of Kazakhstan. It has acquired a level of credibility in speaking directly to the Prime Minister and to the Cabinet of Ministers that is unequalled in Central Asia.

Given the Government's focus on revising the Tax Code in 2023, AmCham members with a good knowledge of Kazakhstani taxes and international best practice will contribute their time and effort, as they have in the past when major Tax Code changes were under consideration.

AmCham advocacy will continue to evolve as AmCham seeks every opportunity to make its voice heard on behalf of Kazakhstan's investment community.

AmCham International Advocacy Cooperation International Financial/Development Institutions

AmCham participates in a number of other long-standing advocacy initiatives, both in Kazakhstan and abroad, and has developed solid relationships with the leading international financial and development institutions. These relationships have continued during the pandemic and have been particularly useful. The OECD has played a major role together with AmCham in a number of meetings with the Prime Minister and Government.

Organization for Economic Cooperation and Development (OECD, Paris)

Beginning in 2012, AmCham began to intensify its relationship with the Paris-based **OECD**, a major international organization which Kazakhstan aspires to join, thus heightening its presence among the world's most highly developed countries. AmCham regularly invites OECD experts to speak at the Prime Minister's Council meetings, where they have addressed *Rule of Law, Privatization, Deregulation, Competition, and Environmental Issues*.

For several years AmCham has been a participant in the annual meetings of the **OECD Anti-Corruption Network (ACN)**, composed of the former Soviet states and Eastern European countries emerging from their recent Soviet-dominated history.

In 2013 AmCham was invited to join the **OECD Business Integrity Initiative**. AmCham provided financial and logistical resources to support the Kazakhstan and Central Asia portion of the **OECD Business Integrity Report**, and served as the Secretariat for the Report, which was published and presented to the Prime Minister by the OECD at the September 2016 Council session. The AmCham Executive Director served on the Steering Committee for this Report.



International Energy Agency (IEA – Paris)

The AmCham partnership with the International Energy Agency is relatively new, a result of the AmCham relationship with the OECD, with which IEA is connected though it exists as an autonomous institution setting out its own policy and operating independently. IEA has 29 member countries, which must be OECD members in order to attain IEA membership. Given Kazakhstan's economic dependence on oil & gas, many economic issues discussed with IEA relate directly to the country's oilfields. Kazakhstan has invited IEA to participate in AmCham advocacy related to renewable energy and has included policy presentations by the IEA leadership in recent Council sessions with the Prime Minister.



International Monetary Fund (IMF, Washington D.C.)

The **International Monetary Fund**, with which Kazakhstan has signed an international agreement governing certain operations by the National Bank, has consulted with AmCham about Kazakhstan’s investment climate on several occasions over a number of years. In 2017 the IMF became directly involved in the June session of the *Council to Improve the Investment Climate*. This session was devoted to controversial currency controls proposed by the *National Bank*. AmCham continues to monitor currency controls affecting foreign investment and maintains relations with the IMF in Washington DC.



World Trade Organization (WTO, Geneva)

Kazakhstan acceded to the **World Trade Organization (WTO, Geneva)** in 2015 after lengthy and complex negotiations led successfully by *Economic Integration Minister Zhanar Aitjanova*. In June 2020 the *WTO Ministerials Conference*, the highest WTO decision-making meeting, was scheduled to meet in Nur-Sultan. AmCham welcomed two prominent WTO representatives from Geneva to speak at Council sessions in the autumn 2019 and continued to engage with WTO throughout 2020. Unfortunately, the pandemic caused the Conference to be cancelled.



International Finance Corporation (IFC, Washington D.C.)

The **International Finance Corporation**, a branch of the **World Bank**, has been an active AmCham member for many years, delivering financial forecasts and economic recommendations at AmCham speaker events. The IFC has also regularly delivered presentations at the *Council to Improve the Investment Environment* at AmCham conferences and webinars, and has published articles in *Investors’ Voice* on Kazakhstan’s privatization strategy and competition standards.



European Bank for Reconstruction and Development (EBRD, London)

AmCham has worked closely with the EBRD office in Kazakhstan for many years and EBRD has been represented on the AmCham Board for over five years. The EBRD also serves as an official member of the *Council to Improve the Investment Climate* and has frequently delivered presentations on economic diversification and the Green Economy. It has won many AmCham Awards for supporting Kazakhstan's regional development, SME support, and renewable energy projects.



Asian Development Bank (ADB - Manila)

The Asian Development Bank maintains an office and an active agenda of programs in Kazakhstan and has been an AmCham member for many years. The ADB's best-known project, implemented and funded together with a broad range of other IFIs, is the CAREC infrastructure, economic, and social development cooperation program launched in 1997.



Red Crescent of Kazakhstan (ICRC – Geneva)

The Red Crescent of Kazakhstan is part of the International Red Cross and Red Crescent Movement (ICRC). ICRC is the world's largest and most respected humanitarian organization, consisting of roughly 100 million members and volunteers worldwide and represented in 192 countries. The American Red Cross merged with the Red Crescent in Kazakhstan to provide a broader range of humanitarian programs and support for emergency relief. AmCham supports the Red Crescent, has published articles about their work in Kazakhstan, and has included the Red Crescent in advocacy sessions with the Prime Minister.



U.S. Chamber of Commerce

The American Chamber of Commerce in Kazakhstan has been an accredited member of the **U.S. Chamber of Commerce** in Washington D.C. since AmCham was founded over twenty years ago. However, AmCham in Kazakhstan operates independently to best represent American investors in Kazakhstan, given the specifics of the country's economy. It adheres to all the founding principles established by the U.S. Chamber for AmChams worldwide.



Looking Ahead: AmCham Advocacy and its International Partners in 2023

The international financial and development institutions lend an invaluable perspective to AmCham advocacy and to Council sessions in which they participate. In 2023, Council meetings will continue with a combination of speakers from the diplomatic community, the AmCham membership, and leading international organizations. All of the IFIs will continue to be present in AmCham advocacy in 2023 as Kazakhstan confronts the diverse and fluctuating global geopolitical challenges and plans for a strong economic recovery.

AMCHAM WORKING GROUPS: CLASSIC AND INTER-MINISTERIAL

The AmCham Working Groups play an important role in advocacy on behalf of the foreign investor community by highlighting issues, developing recommendations, and using AmCham's channels to voice concerns of the private sector to the Government of Kazakhstan. They are divided between 20 'Classic' Working Groups and 3 'Inter-Ministerial' Working Groups.

Before the pandemic, the Classic Groups met separately in-person in five cities – Almaty, Astana, Atyrau, Aktau, and Shymkent – with each Group focusing on topics specific to their region and industry. All 23 Working Groups continued to meet, albeit virtually, throughout the pandemic, and in 2022 the Classic Groups below began to resume their original in-person meetings.

The Classic Working Groups serve as a forum for discussion, knowledge sharing, learning from experts, coordinating projects, and on occasion working with the Government. The Inter-Ministerial Groups differ in that they were structured from the beginning as video-conferences in order to include AmCham members from across Kazakhstan in joint meetings with the relevant Ministries in Astana.

AMCHAM CLASSIC WORKING GROUPS

- The **Foreign Investment Working Group** meets in 3 cities: Almaty, Astana, and Shymkent. The *Foreign Investment Working Group* was the first AmCham group created almost 25 years ago and serves as the prototype for all the AmCham Groups. Its mission is to represent and support membership interests, to identify common problems, and to proactively work with government institutions to address these issues.
- The **Tax Working Group** meets in 5 cities: Almaty, Astana, Aktau, Atyrau, and Shymkent. These Groups fulfill an important role across all industries and tend to have the largest membership in all cities. With Kazakhstan's Tax Code frequently undergoing change, the *Almaty Tax Working Group* aims to be at the forefront of these issues. Its regular meetings provide members with a forum to discuss tax implementation and legislative amendments affecting the Kazakhstani and International markets.
- The **Technology and Innovation Working Group** meets only in Almaty, but its members cut across many different industries. As the rapidly growing technology industry continues to play a key role in driving economic growth, the Group seeks to promote development, sharing information, coordinating activities, conducting research, and collaborating on joint projects. One of the most prevalent issues for Kazakhstan's technology industry is the Government's role in the digital sector of the economy.
- The **Corporate Social Responsibility Working Group** is active in two locations: Almaty and Atyrau. The Almaty CSR Working Group seeks to engage policymakers and businesses on how to best mobilize social capital in Kazakhstan. A guiding principle of its work is improving CSR practices and promoting responsible social investments. The Group also covers topics such as environmental protection, education, and employment.

- The **Human Resources Working Group** is active in 4 cities: Almaty, Astana, Atyrau, and Aktau. The mission of the *Almaty Human Resources Working Group* is to encourage the development of HR best practices for companies in Kazakhstan – an area still undergoing professional development. The Group brings together HR functions of all industries, helping to better understand training and development, recruitment, compensation and benefits, international mobility (work permits and visas), and labor code compliance.
- The **Trade and Customs Working Group** meets in 4 cities: Almaty, Astana, Aktau, and Atyrau. With Kazakhstan's membership in both the *World Trade Organization* and the *Eurasian Economic Union*, the *Almaty Trade and Customs Working Group* must frequently address contradictions between the regulations of the two organizations impacting on the flow of goods and services across borders. The Group discusses customs regulatory issues while working to promote greater cooperation with Kazakhstan's customs administration.
- The **Healthcare Reform Working Group** meets only in Almaty, but often coordinates meetings with other Groups. The *Almaty Healthcare Reform Working Group* was created in response to increasing demand for healthcare reform in Kazakhstan. The Healthcare Group attracts a wide range of members from pharmaceutical and nutritional companies, law firms, insurance companies, tech companies, and international health organizations. The Group frequently interacts with the Health Ministry and has contributed to new healthcare legislation.



INTER-MINISTERIAL WORKING GROUPS: VIDEO CONFERENCES

The Inter-Ministerial Working Groups meet via video-conference to enable AmCham members from different locations to connect to Ministries in Astana, enabling discussion with the Ministries.

- **InterMinisterial Tax Reform Working Group**

Initially formed to amend VAT Refunds legislation for the energy industry, the *Inter-Ministerial VAT Refunds Working Group* was transformed into a broader *Tax Reform Working Group* once the Group's initial purpose was achieved. The new Group meets via internal Finance Ministry video-conference facilities to propose reform where needed in Kazakhstan's Tax Code. The Tax Reform Working Group works with international tax experts and organizations such as the OECD to provide the best available tax expertise to the Government of Kazakhstan.

- **InterMinisterial Intellectual Property Rights (IPR) Working Group**

The *Inter-Ministerial Intellectual Property Rights Working Group* aims to improve the protection and enforcement of intellectual property rights for the technology, pharmaceutical, household products, and other industries. Parallel import issues are also included in the Group's scope of enquiry. The Group works closely with the Justice and Health Ministries, meeting directly with their respective Ministers monthly.

- **InterMinisterial Renewable Energy Working Group**

The *Renewable Energy Working Group* aims to develop the reforms to Kazakhstan's renewable energy legislation required by foreign investors to invest in renewable energy projects, to keep abreast of the COP26 /COP27 / COP28 commitments, and to encourage Kazakhstan's participation in Global Energy Transition.

Looking Ahead: AmCham Working Groups in 2023

AmCham Working Groups, both Classic and Inter-Ministerial have always been diverse and dynamic, led by experts in their respective areas. They respond to member concerns in all of Kazakhstan's cities that serve as centers of activity for the foreign investment community and the Government. Their work demonstrates the Groups' increasing maturity and their strong leadership.

The Inter-Ministerial Working Groups have specific tasks to achieve and, by working directly with the relevant Ministers with the support of the Prime Minister, they will continue impacting strongly on new legislation and regulations in the year ahead.

AmCham Events: Business Roundtable Luncheons, Sundowners, Holiday Celebrations, Awards Gala

AmCham is well-known for its popular business and social networking events that provide opportunities for members, diplomats, and international guests to socialize in popular restaurants and hotels. Each of these events differs in its purpose and degree of formality. After a hiatus of almost 3 years, the full range of AmCham events resumed with a large attendance of members and guests at each event in each city.

- **Business Roundtable Luncheons** provide an opportunity to hear prominent speakers discuss current issues followed by Q&A from the guests and a sit-down lunch. These are gatherings of 40-50 members and guests, including corporate CEOs, ambassadors and diplomats from many countries, and AmCham Board members.



U.S. Consul General Caroline Savage
AmCham BRT Guest Speaker



U.S. Consulate Regional Control Export
Officer Craig Phildius
AmCham BRT Guest Speaker

The Business Roundtable Luncheons in the spring and autumn of 2022 were devoted to U.S. Embassy speakers who outlined the main features of the secondary sanctions, sanctions that have spilled over into Kazakhstan, impacting its business climate and giving rise to member requests for clarification of compliance while continuing business operations. *U.S. Consul General Caroline Savage* outlined priorities for Kazakhstan in the spring, then returned with an update in the autumn, and *Craig Phildius*, a U.S. Embassy speaker from Istanbul, provided an overview of export restrictions in the autumn affecting Kazakhstan.

15 March, Almaty

Rixos Almaty Hotel, Lotus Restaurant

Topic: *U.S. Economic Policies and Priorities in Kazakhstan and Central Asia*

Speaker: *Caroline Savage, U.S. Consul General, U.S. Consulate in Almaty*

2 September, Almaty

Rixos Almaty Hotel, Lotus Restaurant

Topic: *Secondary Sanctions and Export Restrictions – Trade Operations in Kazakhstan and Central Asia*

Speakers: *Craig Phildius, Regional Control Export Officer, U.S. Consulate, Istanbul, Turkey*

15 October, Almaty

Rixos Almaty Hotel, Lotus Restaurant

Topic: *Secondary Sanctions Update: Spillover Impact on Kazakhstan*

Speaker: *Caroline Savage, U.S. Consul General, U.S. Consulate in Almaty*

- Monthly Sundowners** are networking events normally held on the last Friday evening of each month to allow members and their guests to relax with a buffet dinner and drinks, and to discuss their plans, business and otherwise. Although Sundowners have a social component, they are also extremely effective business networking events. AmCham organized Sundowners in five cities in 2022.

22 April, Almaty – a Sundowner following the announcement of the election results for new AmCham Board Members sponsored by **Chevron** at the **Rixos Almaty Hotel**

3 June, Astana - a Sundowner attended by a large mixture of diplomats and AmCham members sponsored by **Citibank** at the **Marriott Astana Hotel**

24 June, Atyrau – a Sundowner for Atyrau oil industry members sponsored by **Tengizchevroil** at the **Renaissance Atyrau Hotel**

16 September, Aktau – a Sundowner for the Aktau oil industry sponsored by **nVent Thermal** at the **Renaissance Aktau Hotel**

16 December, Almaty – A Sundowner for the Winter Holidays sponsored by **AmCham** at the **InterContinental Hotel**



Sundowner at the Marriott Hotel,
Astana



Sundowner at the Renaissance Hotel,
Atyrau

- Holiday Celebrations – Summer and Winter**

U.S. Independence Day – 3 July 2022
 U.S. Independence Day is a large outdoors celebration for families and friends lasting from late Saturday afternoon into the evening with a barbecue and a huge fireworks display at dusk. A special children’s program involves acrobats, clowns, ponies, face-painting, and a children’s menu. A jazz group performs throughout the afternoon and evening for a typical American Fourth of July.



U.S. Thanksgiving is held indoors in a large ballroom with a typical Thanksgiving turkey and pumpkin pie dinner. U.S. Consul General Caroline Savage delivered a Thanksgiving Welcome. Children have their own menu and entertainment, and the evening ends with dancing to a live band.



The **Annual AmCham Awards Gala** is a black-tie event with corporate tables, a high-profile corporate and diplomatic attendance, the excitement of awards to members for thirteen categories of achievement, and Special Awards to senior government and public figures. It is AmCham's most prestigious event of each year at which Awards over 15 years have been presented to more than 100 prominent public figures in politics, culture, and business.

The Annual Galas could not be held during the pandemic years, but the 2022 Gala resumed – normally a spring event, but this year an autumn event – and was held at the **St. Regis Hotel** in Astana with 13 ambassadors presenting AmCham Awards to corporate CEOs, international institutions, and NGOs. The Award Winners from among 70 nominations were chosen by an arms-length Selection Committee. The **2022 Award Winners** were:

- **U.S. Ambassador's Award for Best Contribution to U.S.- Kazakhstan Relations** – *Madina Abylkassymova, Chair, Agency for Financial Regulation and Market Development*
- **Executive of the Year Award** – *Erlan Dosymbekov, EY Managing Partner, Central Asia and the Caucasus*
- **Women's Leadership Award** – *Saule Zhakayeva, Chairperson, Citibank Kazakhstan*
- **Entrepreneurship Award** – *Alex Thomas, Founder and President, Apple City Cider*



- **Excellence in Innovation Award** - *Eurasia Group Kazakhstan*
- **Environmental and Safety Award** – *METRO Cash & Carry Kazakhstan*
- **Health Protection Award** – *Medtronic Kazakhstan*
- **Community Service Award (CSR – Large Company)** – *ExxonMobil Kazakhstan*
- **Community Service Award (CSR – Small Company/ NGO)** – *Eurasia Foundation of Central Asia in partnership with TCO*
- **Most Innovative Education/ Training Program** – *Shell Kazakhstan*
- **Support for Kazakh Culture Award** – *EY Kazakhstan*
- **AmCham Service Award** – *Donald Townsend, U.S. Commercial Service, U.S. Consulate in Almat*



EU Ambassador Kestutis Jankauskas
Presents Award
October 2022



Executive Director Doris Bradbury
at Gala Dinner Ceremony
October 2022

Looking Ahead:

The 2023 Gala will be held in the spring, as has been the custom in the past, and will again be held at the St. Regis Hotel in Almaty. Given that Award nominations increase year by year, it would be anticipated that more than 70 nominations will be received in 2023. Consideration is being given to introduce new Awards to recognize new forms of Member achievements.

AmCham Publications and Communications

A crucial area of AmCham activity is its publications and communications strategy, ensuring the broadest possible visibility to AmCham and enabling its voice to be heard where it matters. AmCham publications are distributed not only to members in Kazakhstan, but also to leading non-member businesses across the region.

As AmCham maintains close ties with all diplomatic missions in Kazakhstan, AmCham publications are distributed to embassies and other diplomatic missions in Astana and Almaty. Government ministries and agencies also receive copies of all AmCham materials. For this reason, it is important that AmCham communications and publications meet the highest possible professional standards, for they serve as the our face and voice throughout the world.

Investors' Voice (IV)

Investors' Voice (IV) is the AmCham flagship publication, a 50-60 page bimonthly magazine containing feature articles and AmCham-related news. It has progressed in recent years from being a membership magazine to a widely-read and respected business and economic policy journal. Each Issue sets out a priority theme and presents thematic feature articles with commentary on economic, legal, and social issues.

IV is published five times per year with a summer break. It is entirely compiled and edited in-house with articles submitted by members, International Financial Institutions, and Diplomats invited to discuss topics on which they possess expertise. Special Issues are also published to reflect timely events and topics.

IV has a direct distribution list of 3,000 in Kazakhstan and across Central Asia, as well as in Europe, Asia, the Middle East, and Washington D.C. Because the magazine is also available in 5-star hotel rooms and business centers throughout Kazakhstan, it is seen and read by the broadest possible business readership estimated at 10,000 readers.

Investors' Voice continued its regular publication, choosing relevant topics without interruption throughout the pandemic and in 2022. The topics and titles for the five 2022 Issues were the following:

- ***COP26 Special Climate Change Issue - The Urgency of Energy Transition (February)***
- ***Sanctions and Taxes - Challenges for Kazakhstan's Investment Climate (April)***
- ***Secondary Sanctions - Impact on Kazakhstan's Business Enviroment (July)***
- ***Oil and Gas Resurgence In Turbulent Times (October)***
- ***Gifts for All Seasons for Kazakhstan - AmCham Member Contributions (December)***



AmCham Membership Directory

The **AmCham Membership Directory** is a comprehensive 150-page publication listing and describing each AmCham member institution in a half-page profile for informational and promotional purposes. It is compiled each summer for distribution in the autumn. Distribution continues throughout the year. The *Directory* is highly valued and retained for use year-round by corporate CEOs, International Institutions, Ambassadors, and Cabinet Ministers as a reference guide to the AmCham international community.

AmCham Website (www.amcham.kz)

The **AmCham Website** is an accessible and comprehensive means for informing visitors about AmCham. It contains a full description of AmCham operations with a calendar of upcoming events and conferences. AmCham publications are available for viewing on the website, and the Working Group and Advocacy sections are updated regularly.

Looking Ahead: 2023 Publications and Communications

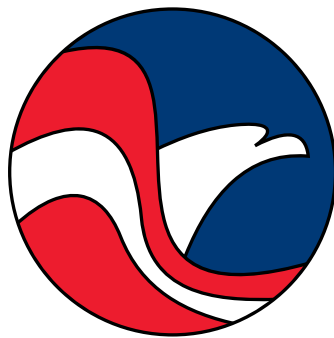
AmCham regards its publications and communications as a priority area of its overall activity – the face and voice to members and non-members around the world. All of the above publications will be continued and updated in 2023, reflecting a broad range of topics. **Investors' Voice** will continue to evolve, having progressed in recent years from being primarily a membership publication to recognition as a major regional business and economics journal.

2022 AmCham Financial Report

AmCham met revenue targets in the 2022 Budget and remained within budgetary guidelines, resulting in a modest surplus. A detailed report by the Board Treasurer on the Chamber's 2022 Financials is an essential part of each year's Annual General Meeting.

Looking Ahead: 2023 AmCham Budget

The 2023 AmCham Budget will be, as always, a conservative budget founded on cost containment and judicious utilization of membership revenue, supplemented by advertising revenue from ***Investors' Voice*** and the ***Membership Directory***. There will be no increase in membership fees in 2023. Advocacy costs will continue to be an important budgetary item, but will remain within revenue parameters.



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