



2019 annual report

20 years
in Kazakhstan



2019 annual report



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Executive Director's Message

January 2020



Dear AmCham Members,

The past year marked the American Chamber of Commerce's twentieth year in Kazakhstan, two decades that have been productively spent in serving the country's very diverse international investment community and have witnessed tremendous growth in AmCham's mandate and capacities. The 2019 Annual Report will bear witness to AmCham's activity today compared to its modest beginnings in 1999.

While the 1990's were an historical period for Kazakhstan, a very difficult period for the country as it developed its new identity as an independent post-Soviet state, 2019 was also a year marked by change and new challenges. President Nazarbayev's decision to step down after serving for almost thirty years as President of Kazakhstan, guiding the country through its most difficult years, was announced unexpectedly in March, shortly after the resignation of the Prime Minister and a Cabinet shuffle in late February.

Kassym-Jomart Tokayev, Kazakhstan's former Minister of Foreign Affairs and a respected leader in the diplomatic community, was appointed interim President of Kazakhstan and confirmed as President in early June presidential elections. As one more unexpected change, Astana was renamed Nur-Sultan in honor of President Nazarbayev, now honored as 'Kazakhstan's First President'.

The Government stressed the stability of the political transition, but the investment community and the country's population at large senses that the process is not yet complete, that the transition and its eventual outcome is continuing to be determined within political and privileged circles. Although there is a new President, a new Cabinet, and a new Prime Minister, it is widely perceived that President Nazarbayev still controls the levers of power. What the future will bring for Kazakhstan remains to be seen, but it will no doubt be a fascinating process with some surprises awaiting political observers.

While the successive stages of political change were in progress in 2019, AmCham took a step back from advocacy in the *Council to Improve the Investment Climate*, the investment dialogue platform created by Prime Minister Karim Massimov ten years ago exclusively for AmCham and its members to speak on behalf of the foreign investment community. The Council soon developed into a platform for AmCham to discuss issues impacting all investors and Kazakhstan's economy as a whole, a vehicle to press for reform as Kazakhstan develops an increasingly global profile.

Early in this year's transition process, the newly appointed Prime Minister Askar Mamin reconfirmed to AmCham that the Government would continue to rely on the Council and on AmCham's guidance on topics crucial to Kazakhstan's economic development. After the summer break over the summer, AmCham resumed its monthly Council schedule, devoting its attention to new issues such as Cybersecurity, Fair Competition, and Kazakhstan's preparations to host the June 2020 *World Trade Organization Ministerial Conference* (WTO - MC 12) meetings in Nur-Sultan. Hosting the WTO is an important honor for Kazakhstan, which acceded to WTO five years ago and whose track record on its WTO commitments will be under scrutiny.

Internationally, the tumultuous challenges noted in 2018 continued to face the world in 2019, with further consequences no doubt awaiting us in 2020, changes that will either directly or indirectly affect Kazakhstan: the United Kingdom's planned departure from the European Union (Brexit), Germany's anticipated change in leadership, France's struggle to reform its labor system and economy, and U.S. economic sanctions and tariffs imposed on Russia, Turkey, and China. Climate change, which has unleashed an ongoing chain of natural disasters in 2019 will continue to pose global challenges, as will migration and refugee movements. Kazakhstan will not remain immune to any of these developments.

Reflecting Kazakhstan's increasing global engagement and commitments, AmCham has continued working with international organizations of which Kazakhstan is a member or with which it cooperates closely. These are first and foremost the international financial institutions. In addition to the relationship AmCham has developed with the *World Trade Organization*, AmCham is supported in its advocacy by the *OECD* and *International Energy Agency* in Paris, *International Monetary Fund* in Washington, *EBRD* in London, *Asian Development Bank* in Manila, and a broad range of UN agencies geared to economic and social development. The *World Health Organization* in Geneva has also proven an important partner for the AmCham dialogue on healthcare reform.

2020 will no doubt present its own challenges as the world navigates its way through the instability that has been a hallmark of the daily news cycle in 2019, but Kazakhstan has successfully weathered the storm to date. AmCham and its members – both foreign and domestic – will continue to support Kazakhstan in every way as we move towards the common goal of the country's economic, social, and political development.

The past twenty years have been highly productive for AmCham and its members. We look forward to the next twenty years, to continuation of this growth for the association, for all of its members, and for Kazakhstan itself as it achieves the very ambitious goals it has set for itself, goals that are within its reach as it moves onto the global stage.

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. Senior Commercial Officer also sits on the Board 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 Prime Minister Karim Massimov for AmCham and its members ten years ago. The Council has become a respected institution whose membership is renewed annually

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. *KazEnergy* is also a forum for the oil industry to engage in dialogue on industry issues.

Board members also sit on advisory bodies of Kazakhstan's leading educational institutions and on philanthropic committees, as well as lending active support to cultural bodies and activities. *KIMEP University* in Almaty has traditionally benefitted from AmCham Board members' presence on its Board of Directors, while *Nazarbayev University* and the *National Medical Complex* in Nur-Sultan have benefitted from AmCham Board members' support in recent years.

The AmCham Executive Director sits on the Board of the *OECD Anti-Corruption Network* and the *Business Integrity Steering Committee* in Paris, and maintains cooperative relationships 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 the Chamber's bylaws and operates according to the highest ethical and professional standards. All Board members serve without financial compensation.

Looking Ahead: The AmCham Board in 2020

The 2020 Board elections will fill four Board vacancies. The 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.

AmCham Board of Directors 2019

AmCham Executive Committee



Kenneth Mack
President
Managing Partner
Mack Law PLLC



Bela Ferenczi
Vice - President
General Director
General Electric Kazakhstan



Paul Cohn
Treasurer
Assurance Partner
Ernst & Young (EY)



Ashley Clarke
Secretary
Chief Operating Officer
KPMG

Board Members



Doris Bradbury
Executive Director
AmCham



John Baltz
Managing Director
Eurasia Business Unit
Chevron



Tibor Kolejak
Country Manager
Microsoft Kazakhstan



Dean Matlack
Commercial Counselor
U.S. Consulate General in
Almaty



Gani Uzbekov
Chief Executive Officer
SILK



Olga Voronova
General Manager
Procter & Gamble
Kazakhstan



Saule Zhakayeva
Deputy Chair, Corporate
Banking Head
Citi Bank Kazakhstan

2019 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 authors.

Although the bulk of AmCham members continue to be located in Almaty, Kazakhstan's business center, membership is growing in all areas of the country. Nur-Sultan, Atyrau, Aktau, and most recently Shymkent are leading regional membership locations. 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 has a loyal membership base that has continued to grow in 2019. Although some members have asked for their membership renewals to be delayed due to the global economic and political uncertainties of the past year, all AmCham members continue to be active participants and supporters of AmCham activities and advocacy. They also demonstrate their support for corporate social responsibility by creation and participation in significant social, educational, and health projects that benefit Kazakhstan's development.

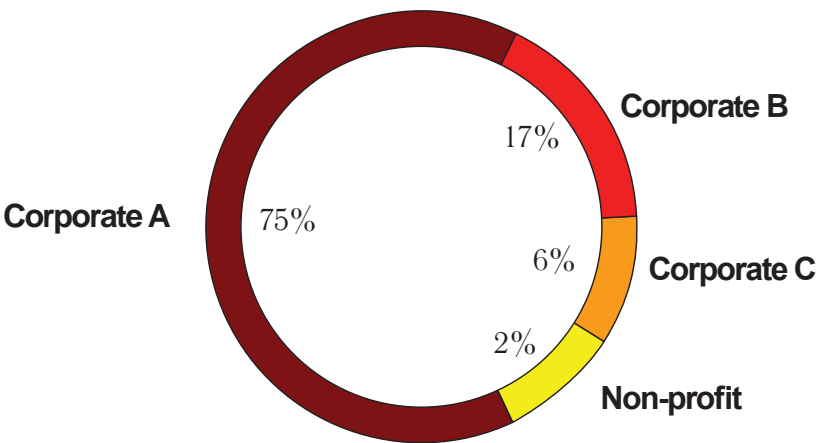
A notable trend has been the steady growth year by year of the Corporate A membership category, the top tier of AmCham membership that continues to advance as small and medium businesses decline. This may be seen as the growing interest of leading investors in Kazakhstan, or conversely, as the decline of SMEs in the face of difficult economic conditions and an investment climate in which only larger, stronger companies can thrive.

Kazakhstan's leading industry sector continues to be the oil and gas industry, as could be expected from the structure of Kazakhstan's economy. With the Kashagan oilfield producing steadily, Tengizchevroil preparing for a significant expansion, and the global price of crude holding firm, the industry is displaying signs of confidence justifying its tenacity during long years of declining oil prices. Services to the dominant industry also continue to be very visible in the membership - legal, accounting, tax, and banking services, along with oilfield services, logistics, engineering and construction. All industry sectors in the AmCham membership are represented by global leaders in their respective fields.

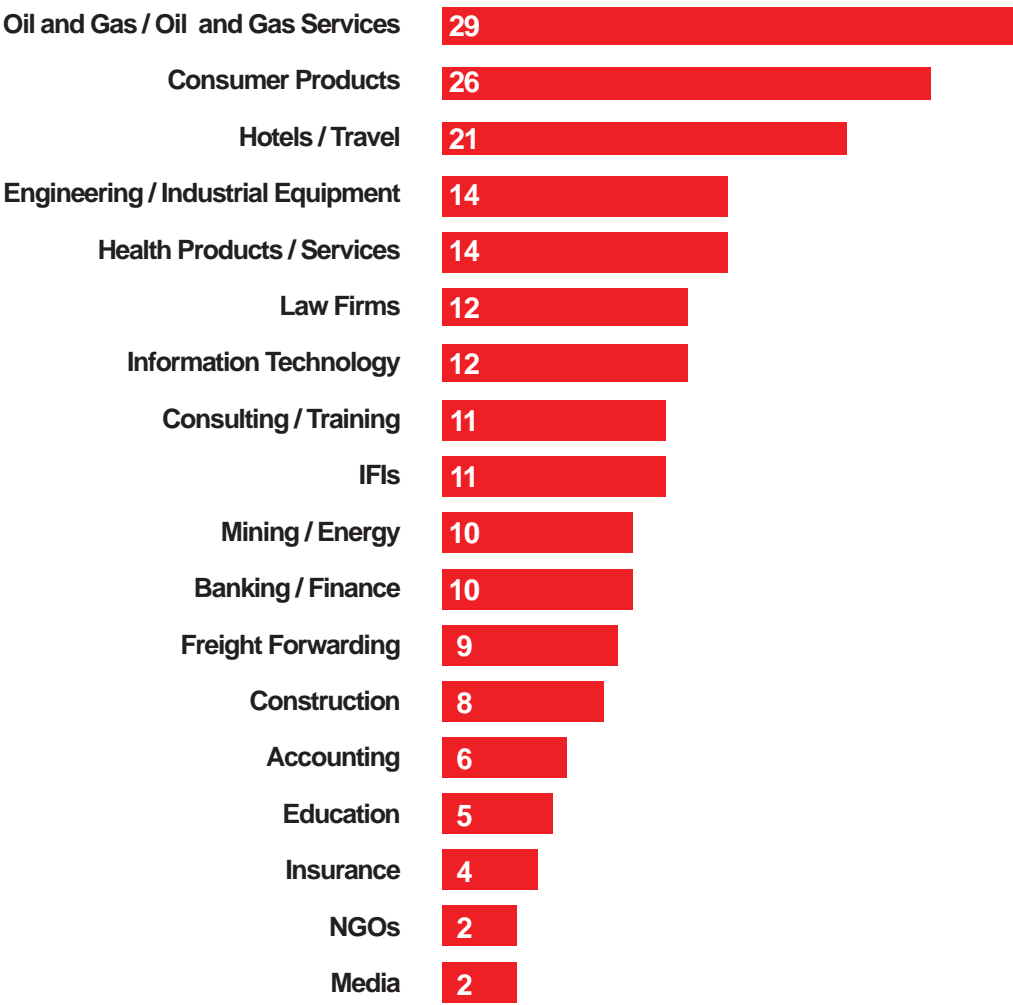
Healthcare services and the pharmaceutical industry continue strong growth as the country aims to improve healthcare and medical services to the population. This is a very welcome trend that is expected to continue in 2020.

2019 Membership

Corporate Category



Industry Sector



2019 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 in identifying the proper strategies to achieve its 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, delivering White Papers on the economy and public conferences on selected topics of critical importance to the investment community. Each year the program developed further, and in 2010 the Prime Minister proposed that the **Council to Improve the Investment Climate** be formed for AmCham as the exclusive representative of the foreign investment community.

In 2010 the Council began to meet on a monthly basis with the Prime Minister and a select group of Cabinet Ministers responsible for the country's economy to discuss topics chosen by AmCham. The Council's dialogue platform was a crucial step in empowering AmCham Chamber to represent its members' views at the most senior levels of 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 institutions located outside Kazakhstan who have 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 diplomatic perspective is an invaluable element lending the Council discussions depth and a broader international perspective. 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.

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 participating in the Council at AmCham's invitation included 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 tenth 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.

AmCham has submitted comprehensive White Papers on critical investment issues to the Prime Minister and Government over the past five years. These papers have been well-received and widely-read within the Cabinet, as well as outside Government circles, notably within the diplomatic and international financial communities.

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 that would continue at the Council. This has proven invaluable in deepening the dialogue and relationship with Ministers, opening doors to follow-up meetings by AmCham members and facilitating a growing record of AmCham successes in resolving disputes.

The Council to Improve the Investment Environment 2019: New Challenges

In 2019, the **Council to Improve the Investment Environment** tackled a number of disparate issues, some new, but also some older issues that have proven tenacious and difficult to resolve.

In **January**, the Council launched the year with a session devoted to **Tax Reform – A Fresh Look at Kazakhstan’s Tax Code**, a traditional topic for the Council to discuss early each year, given the continuously changing nature of Kazakhstan’s Tax Code. Although the Code was intended to undergo revision, in fact the revisions were fairly minor and did not alter a major issue that AmCham has raised repeatedly for its negative impact on the investment climate and inconsistency with international best practice – an assumption of criminality in tax disputes.

Tax experts at the Council underscored the need for binding clarification of items in the Tax Code and elimination or reduction of re-audits after tax refunds are issued. A public advocate for small and medium business stressed the negative impact of excessive taxes and government inspections on SMEs.



In **February**, the Council topic was ***Cybersecurity and Cybercrime – A Challenge for the 21st Century***, a new topic eagerly awaited by the Council's Government panel and Prime Minister Sagintayev. AmCham had brought together a panel of cybersecurity experts, many of whom had travelled from abroad (Brussels, Warsaw, Moscow, Istanbul) for the Council. Cybersecurity is an outgrowth of AmCham's steady promotion of Intellectual Property Protection under the AmCham *InterMinisterial Intellectual Property Working Group* that has interacted with the Ministries of Justice and Health for the past five years. The subject has acquired increasing importance globally in recent years due to high-profile cyberattacks on major corporations, banks, hospitals, and governments.

Kazakhstan has also been hit by cyberattacks that have paralyzed corporations and oilfields, even though their protective measures have been comprehensive and up-to-date. Given the wide-scale use of pirated technology across Kazakhstan, including by the Government, vulnerability to cyberattacks is high. While most Council sessions aim to resolve investor issues, the February session was intended primarily as a 'wake-up call' for the Government, which was informed about both the risks and the support available from companies with strong cyber-experience and products. With the creation of a new Ministry responsible for cybersecurity, it is to be hoped that the Government's vulnerability to cyberattacks will be reduced.

In **September**, the Council turned its attention to ***Kazakhstan's WTO Membership – A Review of Selected Issues*** in light of the WTO Ministerials Conference scheduled to be hosted in Nur-Sultan in June. As has been the case with many WTO members, the trade commitments undertaken at the time of their accession have been neglected. It was felt that AmCham members could raise some of the WTO issues that were of concern to them and that Kazakhstan should prepare for a review as part of their WTO hosting obligations.

Two special Guest Speakers were invited by the U.S. and Canadian Embassies to participate in the Council WTO discussion – Ambassador Stephen de Boer, Canada's Permanent Representative to the WTO, who travelled from Geneva for the Council and Zeba Reyazuddin, Deputy U.S. Trade Representative for Central Asia, who travelled from Washington DC.

In **October**, AmCham decided to repeat and update the ***Cybersecurity and Cybercrime*** Council session that had first been presented in February, but without the Prime Minister and full panel of Cabinet Ministers in attendance due to the Government upheaval that day. With a new Prime Minister and a new Cabinet, the Cybersecurity topic needed to be brought to their attention. Many of the February speakers returned to Kazakhstan to participate.

Prime Minister Mamin demonstrated his support by convening an impressive Government presence and assigning a large number of Ministers to report on their Ministries' measures to ensure cybersecurity. It was noted by AmCham speakers that Kazakhstan's new *Digital Kazakhstan* initiative increases the country's vulnerability to cyberthreats if protective measures are not implemented.

Cybercrime and cybersecurity are rapidly moving targets, and cybercriminals are often ahead of the curve. However, the expertise embodied by the Council speakers – Microsoft, Ericsson, Honeywell, Mastercard, and Citibank – is the best at keeping pace with sophisticated cybersecurity strategies to combat rapidly evolving cyberthreats at the corporate and state levels.

Ericsson, those operations are at the cutting edge of 5G, stressed the importance of cybersecurity for 5G, whose use will spread across critical sectors such as power generation and transmission, transport, banking, healthcare, and industrial control systems carrying sensitive information and safety systems. Honeywell stressed the importance of cybersecurity for the oil industry and oilfields as part of Kazakhstan's critical infrastructure. Microsoft delivered a presentation on cloud computing, and Citibank and Mastercard examined cyberthreats and cybersecurity in the banking and financial services industries.

In a sign of the Government's receptivity to the corporate presentations, many of the speakers were approached by Ministers after the Council session with requests for consultations on strengthening the country's cybersecurity strategy. This will no doubt be a challenging process, given the extent of pirated technology throughout government agencies.

The day after the Council, AmCham devoted its annual *Economic Policy Forum Conference* to Cybersecurity with an expanded speaker program. See Conference Program following this section of the Annual Report.



In **November**, AmCham revisited another topic from the end of 2018 – ***Creating a Level Playing Field for Investors; Competition vs Discrimination***. With a new Cabinet in place, this topic was redesigned with the OECD and WTO in mind as **Fair Competition: A Basic WTO and OECD Requirement**. In 2018, Prime Minister Sagintayev had spoken out forcefully about the need to address discriminatory implementation of fair competition practices. He requested that AmCham identify an international organization that could assist the Government in revamping its procedures in this area. The OECD readily designed a short-term program for the Government, but the program was put aside in the 2019.

An OECD Senior Competition Expert outlined three OECD recommendations made after a review of Kazakhstan's competition law and policy, chief among these the need for institutional independence of the competition authority and the need to enforce anti-monopoly legislation on state-owned enterprises (SOEs).

This was followed by an analysis of Kazakhstan's Anti-Monopoly Law, which it was felt needs fundamental reform. As the law exists, it neither creates a fair competitive climate nor facilitates mergers and the entry of new players into the country's market. Discriminatory tax policy and other practices designed to favor local companies were discussed by other AmCham speakers, as was the need to privatize SOEs that act as monopolies, imposing discriminatory regulations, pricing, and tender requirements on foreign companies. The Government's role in price regulation and Government procurement policy were also raised.

Looking Ahead: The Council to Improve the Investment Climate in 2020

Advocacy will continue to be at the top of the AmCham agenda in 2020. Over the past nine 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.

Monthly meetings of the Council will resume in the year ahead with a combination of speakers from the diplomatic community, the AmCham membership, and leading international organizations. This combination will be especially relevant given the emphasis that will be placed on Kazakhstan's hosting of the WTO Ministerial Conference (MC12) and the country's WTO commitments that are important to AmCham members in their investment and daily business operations.

AmCham Publications, notably *Investors' Voice*, will continue to focus heavily on policy issues, many of them topics that have stirred discussion at Council sessions, thus raising awareness beyond the membership base of the need for thoroughgoing reform of the investment climate.

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



2019 AMCHAM ECONOMIC POLICY FORUM

Cybersecurity and Cybercrime: A 21st Century Challenge

October 23, 09:30-16:30
Marriott Astana Hotel

Welcome by Tibor Kolejak, Chief Executive Officer, Microsoft Kazakhstan

Keynote Speakers:

- Askar Zhumagaliyev, Minister of Digitalization and Innovation of Kazakhstan
- Marat Beketayev, Minister of Justice of Kazakhstan
- William Moser, Ambassador of the United States to Kazakhstan
- Nicholas Brousseau, Ambassador of Canada to Kazakhstan

Panel 1: Cybercrime: A Growth Industry

- André Carstens, Ambassador of the Netherlands to Kazakhstan **MODERATOR**
Cybercrime, A Growth Industry
- Andrei Yorsh, Partner, Baker McKenzie Law Firm
Intellectual Property, An Essential Component in Cybersecurity
- Igor Volkov, Director, Cyber and Intelligence Solutions, Mastercard
Financial and Credit Card Crime
- Bolat Assylkhanov, Partner, Grata Law Firm
Cybercrime Threats and Mitigation

Panel 2: Industry and Critical Infrastructure Vulnerabilities

- Aidyn Abjanbekov, General Director, Ericsson Kazakhstan **MODERATOR**
5G and its Cybersecurity Implications
- Andrey Kurilin, Chief Executive Officer, Citibank
Cyber Trends and Resilience
- Kaspars Kukelis, Chief Executive Officer, Kcell
Cybersecurity and the Telecommunications Industry
- Ivo Aalbers, General Manager, IMT/IT, North Caspian Operating Company
Protecting the Oil Industry from Cyber Threats
- Ruslan Stefanov, Industrial Cybersecurity, Honeywell
Cybersecurity for the Oil and Gas Industry

Panel 3: Cybersecurity Defensive Strategies: Protecting Government, Industry, and the Individual

- Piotr Marczuk, Corporate Director, Microsoft C/E Europe **MODERATOR**
Cybersecurity and Cloud Computing: Trends/Implications
- Andrey Gusakov, Director, Security/Industrial Solutions, Oracle Russia
Autonomous Security to Reduce Cyber Threats
- Vladimir Remyga, Director, Risk Advisory, Deloitte Kazakhstan
Cyber Crisis Management: Readiness, Response, and Recovery
- Mikhail Betin, Kazakhstan Director, OSG Records Management
Protecting Confidential Documents and Records Against Cyber Threats
- Kurmangazy Talzhanov, Partner, Integrites Law Firm
How to Curb a 'Trojan Horse'

Panel 4: Digitalization and The Cloud: Benefits and Risks

- Ashley Clarke, Chief Operating Officer, KPMG **MODERATOR**
- Konstantin Aushev, Cybersecurity Director, Advisory Services, KPMG
Cloud Governance and Security: Key Concerns for Kazakhstan
- Vitaly Sokolov, Partner, Advisory Service, PwC Russia
Digital Leaders in Safety, Security, Reliability, Privacy, and Data

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.

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** 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 Monetary Fund (IMF)

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, but in 2017 the IMF became directly involved in the June session of the *Council to Improve the Investment Climate* 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)

Kazakhstan acceded to the **World Trade Organization (WTO)** in 2015 after lengthy and complex negotiations led successfully by Economic Integration Minister Zhanar Aitjanova. In 2020 the WTO will hold its Ministerials Conference, the highest WTO decision-making meeting, in Nur-Sultan. AmCham invited two prominent WTO representatives from Geneva to speak at Council sessions in the autumn 2019 and will continue to engage with WTO in 2020 in the months leading up to the June Ministerials in Kazakhstan.



International Finance Corporation (IFC)

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*, notably 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. EBRD also serves as an official member of the *Council to Improve the Investment Climate* and has frequently delivered presentations at Council sessions, notably on economic diversification and the green economy. EBRD has also brought senior executives from its London headquarters as speakers for Council sessions.



European Bank
for Reconstruction and Development

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 twenty years ago. Although 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.

AmCham in Kazakhstan was a founding member of the U.S. Chamber's **Eurasia Business Platform (EBP)**, the purpose of is to raise the profile of Central Asia in official circles in Washington and to encourage closer cooperation among regional AmChams. Given the U.S. Chamber's well-established presence in Washington with its excellent access to decision-makers in the **President's Office, Department of Commerce, and Department of State**, EBP is well-represented to influence U.S. trade and foreign policy towards Central Asia.

AmCham and the Eurasia Business Platform traditionally support the **TIFA (U.S.-Central Asian Trade and Investment Framework Agreement)** meetings held in alternate years in Washington and in Central Asia. When TIFA negotiations were held in Almaty in 2012, AmCham organized a Conference on **The Customs Union and WTO Membership**, a vital topic for the U.S. and Kazakhstan TIFA negotiating teams. When TIFA is again held in Kazakhstan, AmCham will organize another thematic conference to accompany the meetings.



Looking Ahead: AmCham Advocacy in 2020

The international financial and development institutions lend an invaluable perspective to AmCham advocacy and to Council sessions in which they participate. In 2020, monthly Council meetings will continue with a combination of speakers from the diplomatic community, the AmCham membership, and leading international organizations. The focus will be on Kazakhstan's WTO commitments. The **AmCham Economic Policy Conference** in 2020 is intended to focus on the *Kazakhstan's WTO commitments* and will be held immediately before or after the WTO Ministerials in Nur-Sultan in June.

AmCham Working Groups

AmCham Working Groups (WG) have flourished in recent years, achieving a total of 20 *Internal Working Groups* and 4 *InterMinisterial Working Groups*. These Groups meet in five cities – Almaty, Nur-Sultan, Atyrau, Aktau, and Shymkent – with each Group focused on topics specific to their region and the region's industrial profile. The Working Groups play an important role as discussion platforms to examine the implications of new legislation or to design small projects, or they may contribute to advocacy on behalf of the AmCham investment community by highlighting issues, developing recommendations, and using AmCham channels to voice private sector concerns to the Government of Kazakhstan.

InterMinisterial Working Groups Advocacy

The InterMinisterial Working Groups, created by Prime Minister Massimov to target crucial areas for reform, perform the special function of connecting AmCham members and representatives from across Kazakhstan with the appropriate Ministries in Nur-Sultan via video-conferences. In this way members can speak directly to Ministers, Deputy Ministers, and agencies within ministries such as the State Revenue Committee at the Finance Ministry for dialogue on tax issues.

The *InterMinisterial Tax Reform Working Group* is jointly headed by two leading tax experts, Partners at PricewaterhouseCoopers and Deloitte, who lead monthly discussions with the State Revenue Committee with AmCham members based in Almaty, the Caspian region, and Shymkent, who join by video-conference those members based in Nur-Sultan who are physically present at the Ministry of Finance for the meetings.

For their commitment and successful efforts to advocate for tax reform through this Working Group, Anthony Mahon (Deloitte) and Michael Ahern (PwC) received a joint *AmCham Service Award* at the Awards Gala in May 2016.

The Intellectual Property Rights Working Group was begun by the U.S. Embassy Regional Intellectual Property Attache based in Moscow who came to Kazakhstan each month to lead the Group, which interacted with the Ministries of Justice and Healthcare. The main focus was technology (Justice) and pharmaceutical patent protection (Healthcare). The Group sought to raise awareness of the dangers posed by counterfeit pharmaceuticals and the vulnerabilities entailed through the pervasive use of pirated technology.

Two more InterMinisterial Working Groups worked directly with the Energy Ministry in 2019 for different objectives.

The *InterMinisterial Environmental Law Working Group* aimed to reform the Government's environmental penalties strategy as part of an OECD project to devote more resources to environmental protection through legislative reform. The *InterMinisterial Renewable Energy Working Group*, initially headed by Deputy Prime Minister Mamin, was moved to the Energy Ministry when Mr. Mamin was appointed Prime Minister. This Group devotes its efforts and recommendations to developing the conditions for a vibrant renewable energy industry in Kazakhstan that will serve the country well in the future.

AmCham envisions future advocacy by all AmCham Working Groups, including the Internal Groups, whose work informs the topics chosen for Council meetings and for AmCham conferences. Altogether, the Working Groups are AmCham's 'brain trust' on the Chamber relies to learn about the most pressing problems for its members.

Internal Working Groups

The *Internal Working Groups* serve as a forum for staff from all member companies to discuss salient topics, share knowledge and experience, learn from subject matter experts, coordinate joint projects, and work with the Government. The Almaty Working Groups meet monthly, while the groups in other major cities across the country meet bi-monthly or quarterly. Some Groups – such as the Tax, CSR, Customs, and Foreign Investment Working Groups – are duplicated in various cities depending on member interest:

- The *Corporate Social Responsibility Working Group* is active in two locations – Almaty and Atyrau. In 2019, the Almaty Working Group was led by *Asad Shirinov* of *Coca Cola*. The Atyrau Working Group underwent a change in leadership this past year but was led by *Tengizchevroil (TCO)*.
- The *Foreign Investment Working Group* meets in Almaty, Nur-Sultan, and Shymkent. The Almaty group was chaired by *Aibat Akhmetalimov* of *Philip Morris International (PMI)*; the Nur-Sultan group was chaired by *Béla Ferenczi* of *General Electric (GE)*; and the Shymkent group was led by *Wojciech Halat* of *Heidelberg Cement*.
- The *Human Resources Working Group* is active in Almaty, Nur-Sultan, Atyrau, and Aktau. In 2019, The Almaty group was led by *Anar Khassenova* of *PricewaterhouseCoopers (PwC)*; the Nur-Sultan group was led by *Damir Deminov* of *Ernst & Young (EY)*; the Aktau group was led by *Saule Sharipova* of *OMV Petrom*; and the Atyrau group was led by *Aida Karsybayeva* of *Fircroft*.
- The *Tax Working Group* meets in Almaty, Nur-Sultan, Aktau, Atyrau, and Shymkent. AmCham's Tax Working Groups play an important role for all businesses in Kazakhstan across all industries and tend to have the largest membership in all cities. The Chairman of all five Tax Working Groups in Kazakhstan in 2019 was *Anthony Mahon* of *Deloitte*.
- The *Trade and Customs Working Group* meets in Almaty, Nur-Sultan, Aktau, and Atyrau. In 2019, the Almaty group was chaired by *Siddique Khan* of *Globalink Logistics*, while the other three groups were led by *Samat Karmys* of *Ernst & Young (EY)*.

Guest speakers - specialists in their fields from local businesses, NGOs, government bodies, and AmCham member companies - are regularly invited to address the Internal Working Groups.

The 20 Internal AmCham Working Groups in Kazakhstan are, by city:

Almaty

- **Foreign Investment Working Group (FI WG)**
2019 Chair: Aibat Akhmetalimov, Philip Morris International (PMI)

The *Foreign Investment Working Group* was the first AmCham Group created almost twenty years ago and serves as the prototype for all the Groups created by AmCham over the last two decades. The Group's mission is to represent and support the interests of the membership in Kazakhstan, to identify common problems encountered when investing in the country, and to proactively work with government institutions to address those issues. In 2019, the Foreign Investment Working Group focused its attention on strengthening intellectual property rights.

- **Corporate Social Responsibility Working Group (CSR WG)**
2019 Chair: Asad Shirinov, Coca-Cola International (CCI or Coca Cola)

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. In 2019, this Group featured presentations about improving the livelihoods of rural and low-income populations and policies relating to recycling and ecological sustainability.

- **Healthcare Reform Working Group**
2019 Chair: Ksenia Babushkina, Ernst & Young (EY)

The *Almaty Healthcare Reform Working Group* was created in 2016 in response to significant growth in AmCham's healthcare and pharmaceutical membership and 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.

- **Human Resources Working Group (HR WG)**
2019 Chair: Anar Khassenova, PricewaterhouseCoopers (PwC)

The mission of the *Almaty Human Resources Working Group* is to encourage the development of Labor and Human Resources best practices for companies in Kazakhstan – an area still undergoing professional development. The Group brings together HR functions of all AmCham members and industries, helping to better understand a wide range of topics including training and development, recruitment, compensation and benefits, HR information systems, international mobility (work permits and visas), labor code compliance, workforce planning, HR administration, and professional development.

• **Technology and Innovation Working Group (TI WG)**
2019 Chair: Tibor Kolejak, Microsoft

As the rapidly growing technology industry continues to play a key role in driving economic growth, the *Almaty Technology and Innovation Working Group* seeks to promote development by facilitating the interactions of both market players and their customers, sharing information, coordinating activities, conducting research, and collaborating on joint projects. One of the most prevalent issues for Kazakhstan's technology industry is the role that the government plays in the digital sector of the economy not only in terms of developing and implementing new technologies, but also in cybersecurity, intellectual property, and piracy.



• **Tax Working Group (TWG)**
2019 Chair: Anthony Mahon, Deloitte

With Kazakhstan's Tax Code frequently undergoing important changes, 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. Frequent reference is made to OECD tax standards. This Group interacts with the *InterMinisterial Tax Reform Working Group* and has a common Chair.

• **Trade and Customs Working Group (T&C WG)**
2019 Chair: Siddique Khan, Globalink Logistics

With Kazakhstan's membership in WTO and the Eurasian Economic Union, the *Almaty Trade and Customs Working Group* addresses contradictions between the regulations of the two trade organizations. The Group aims to improve Kazakhstan's competitiveness by addressing issues that inhibit the flow of goods and services across borders. Members with the opportunity to discuss trade barriers and customs regulatory issues while working to promote greater cooperation with Kazakhstan's customs administration.

Atyrau

- **Corporate Social Responsibility Working Group (CSR WG)**
2019 Chair: TBD, Tengizchevroil (TCO)

Launched in May 2010, the *Atyrau Corporate Social Responsibility Working Group* seeks to raise awareness of CSR-related issues and initiatives in the Atyrau business community and represents a vibrant platform for communication between companies, NGOs, and local authorities. This Group studies CSR practices in the Atyrau region, the center of the oil industry, and seeks to identify common themes, lessons, and overlapping spheres of activity. Special community projects include supporting healthcare facilities, children's homes, and educational projects.

- **Human Resources Working Group (HR WG)**
2019 Chair: Aida Karsybayeva, Fircroft

The *Atyrau Human Resources Working Group* meets quarterly to discuss HR developments, especially those impacting the oil and gas industry. The Group has the goal of better understanding common HR policies, legislation, and workforce management. The changing face of labor legislation has become a key topic in the Working Group, with a particular focus on local content, visa, and work permit issues.

- **Tax Working Group (TWG)**
2018 Chair: Anthony Mahon, Deloitte

As in Almaty, Astana, and Aktau, the *Atyrau Tax Working Group* aims to be at the forefront of major developments and other central issues regarding taxation. The Group is a forum for companies in this region to share knowledge and discuss tax issues, particularly those unique to the oil and gas industry. The Group is provided with interpretation, guidance, and proposed amendments to Kazakhstan's tax legislation and contributes to advocacy by drafting recommendations to the Government.



- **Trade and Customs Working Group (TC WG)**
2019 Chair: Samat Karmys, Ernst & Young (EY)

The *Atyrau Trade and Customs Working Group* was formed to better engage AmCham members in Atyrau, with a focus on the oil and gas industry. The Group serves to inform AmCham members and business leaders of important updates on customs regulations and trade policy/ trends while allowing companies the opportunity to voice concerns over the new Customs Code that can be transmitted to the Government Customs Committee.

Aktau

- **Human Resources Working Group (HR WG)**
2019 Chair: Saule Sharipova, OMV Petrom

The *Aktau Human Resources Working Group* is one of AmCham's newer Working Groups. Created to engage members in Aktau in developing better HR practices, it has a broad focus that includes training and development, recruitment, talent management, compensation and benefits, performance management, HR information systems, international mobility (including work permits/visas), employee relations, labor code compliance, workforce planning, HR administration, and HR professional development.

- **Tax Working Group (TWG)**
2019 Chair: Anthony Mahon, Deloitte

The *Aktau Tax Working Group* meets to discuss recent updates to legislative amendments in tax legislation for AmCham members and business leaders in Aktau. Group members are predominantly tax specialists from large companies in the oil and gas industry. The group enables members to stay abreast of changes to the Tax Code and discuss matters of concern to member companies. This Group interacts with the InterMinisterial Tax Reform Working Group and has a common Chair.

- **Trade and Customs Working Group (T&C WG)**
2019 Chair: Samat Karmys, Ernst & Young (EY)

The *Aktau Trade and Customs Working Group* was formed in order to better engage AmCham members in the oil and gas industry in Aktau. In 2019, the Aktau Trade and Customs Working Group focused on transfer pricing and the inclusion of licensing fees in the customs value of imported goods.

Nur-Sultan

- **Foreign Investment Working Group (FI WG)**
2019 Chair: Béla Ferenczi, General Electric (GE)

Launched in September 2011, the *Nur-Sultan Foreign Investment Working Group* aims to represent and support the interests of the foreign business community in Kazakhstan in the country's capital where it is able to interact with Government and diplomatic representatives. In 2019, with experts from USAID, the Group led an engaging discussion on the future of renewable energy (wind, hydro, and solar) in Kazakhstan.

- **Human Resources (HR WG)**
2019 Chair: Damir Deminov, Ernst & Young (EY)

The *Nur-Sultan Human Resources Working Group* meets to share and discuss HR practices and keep members updated on labor practices to raise professional standards and promote active HR management. AmCham encourages the development of closer ties of cooperation between corporate HR experts and their counterparts in the iGovernment.

- **Tax Working Group (TWG)**
2019 Chair: Anthony Mahon, Deloitte

The *Nur-Sultan Tax Working Group* meets to discuss recent updates to tax legislation and amendments. This Group provides an opportunity for tax specialists to discuss a variety of topics: treatment of losses, taxation of fixed assets, VAT exemptions, changes in subsurface-user taxation, and international taxation provisions. Membership comes from a diverse corporate and diplomatic background.

- **Trade and Customs Working Group (T&C WG)**
2019 Chair: Samat Karmys, Ernst & Young (EY)

The *Nur-Sultan Trade and Customs Working Group* was formed in order to better engage AmCham members in developing proposals for legislative reform. This Group often collaborates with the Almaty, Atyrau, and Aktau Trade and Customs Working Groups on overlapping issues. In 2019, this Group discussed transfer pricing, customs value, and product traceability as it pertains to WTO tariffs.

Shymkent

- **Foreign Investment Working Group (FI WG)**
2019 Chair: Wojciech Halat, Heidelberg Cement

As AmCham expands its Working Groups beyond Almaty, Nur-Sultan, and the Caspian region, Shymkent has become a center for AmCham membership in Southern Kazakhstan. The *Shymkent Foreign Investment Working Group* most often focuses on taxation issues. AmCham hopes to further develop its presence in Shymkent to coordinate responses to issues affecting both Southern Kazakhstan and the country as a whole.



INTERMINISTERIAL WORKING GROUPS (Video-Conferences linking Nur-Sultan, Almaty, Atyrau, Aktau, Shymkent)

All InterMinisterial Working Groups meet via video-conference to enable AmCham members from various geographic locations to connect to Ministries in Nur-Sultan.

INTERMINISTERIAL TAX REFORM WORKING GROUP

Initially formed to amend VAT Refunds legislation for the energy industry, the *InterMinisterial 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 will work with international tax experts and organizations such as the OECD to provide the best available tax expertise to the Government.

Ministerial Chair: **Alikhan Smailov, Minister of Finance of Kazakhstan**

AmCham Co-Leaders: **Michael Ahern**
 Partner, Tax and Legal Leader
 PricewaterhouseCoopers

Anthony Mahon
 Partner, Cross-Border Taxation
 Deloitte

INTERMINISTERIAL INTELLECTUAL PROPERTY RIGHTS WORKING GROUP

The *InterMinisterial 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. The Group works closely with the Justice and Health Ministries, meeting directly with their respective Ministers monthly. The focus of the IPR Working Group has recently turned to promoting patent protection through patent linkage models that will afford protection to the pharmaceutical industry.

Ministerial Chair: **Marat Beketayev, Minister of Justice of Kazakhstan**
 Yelzhan Birtanov, Minister of Health of Kazakhstan

AmCham Leader: **Andrei Yorsh**
 Partner
 Baker & McKenzie Kazakhstan



INTERMINISTERIAL ENVIRONMENTAL LAW REFORM WORKING GROUP

The *Ministry of Energy’s Environmental Law Reform Working Group* provides a forum for industry input in support of the OECD’s environmental payments reform project with the Ministry of Energy. Participants in the Working Group consist of government officials, representatives of local environmental, trade and industry groups, as well as international energy and infrastructure investors. Government and investors navigate the need to advance Kazakhstan’s environmental regulatory system toward OECD standards.

- Ministerial Chair:**
AmCham Leader:
- Kanat Bozumbayev, Minister of Energy of Kazakhstan**
Kenneth Mack
Principal
Mack Law PLLC

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. The reforms that AmCham advocates include coherent indexation of the Tenge tariff to a foreign currency; state guarantees for the Financial Settlement Centre’s obligations under power purchase agreements for renewable energy; and amendment of the power purchase agreements to render them “bankable” and thereby allow financing from international financial institutions.

- Ministerial Chairs:**
- Askar Mamin, First Deputy Prime Minister of Kazakhstan**
Kanat Bozumbayev, Minister of Energy of Kazakhstan
- AmCham Leader:**
- Bela Ferenczi**
CEO, Central Asia and Azerbaijan
GE International

Looking Ahead: AmCham Working Groups in 2020

The past year was very successful for AmCham and the Working Groups. Not only was number of active groups increased, but there were also record increases in attendance. Additionally, Working Groups continue to play a growing role in the *Prime Minister’s Council to Improve the Investment Climate* by addressing issues highlighted by members and communicating recommendations to the Government. This work demonstrates the increasing maturity of the Working Groups and their strong leadership.

The Working Groups, led by experts with extensive experience, will be a crucial part of AmCham Advocacy in 2020. Although the Internal AmCham Working Groups do not meet directly with the Government of Kazakhstan, they nonetheless interact with the Government by drafting proposals and through individual corporate meetings on company issues. The InterMinisterial 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 to impact new legislation and regulations in the year ahead.

2019 AmCham Events

2019 BUSINESS ROUNDTABLE LUNCHEONS

Spring 2019

15 March, Almaty
Rixos Almaty Hotel, Lotus Restaurant
Topic: The Belt & Road Initiative:
A Minefield or a Goldmine for U.S.
Companies?

Speaker: *Cassandra Colbert, Regional
Director for Central Asia, International
Finance Corporation (IFC)*

Summer 2019

28 June, Almaty
Rixos Almaty Hotel, Lotus Restaurant
Topic: The Current Status of U.S.-
Kazakhstan Relations
Speaker: *William Moser, U.S. Ambassador
to Kazakhstan*

Autumn 2019

20 September, Almaty
Rixos Almaty Hotel, Lotus Restaurant
Topic: Kazakhstan's World Trade
Organization (WTO) Membership –
A Review of Selected Issues

Speaker: *Stephen de Boer, Canada's
Ambassador to the WTO*

7 November, Almaty
Rixos Almaty Hotel, Lotus Restaurant
Topic: Kazakhstan's Banking Strategy
and its Impact on the Country's Economic
Development

Speaker: *Yerbolat Dossaev, Governor of
the National Bank of Kazakhstan*



*Stephen de Boer, Canadian Ambassador
to the World Trade Organization*



*Yerbolat Dossaev, Governor of the
National Bank of Kazakhstan*



*William Moser, U.S. Ambassador
to Kazakhstan*



*Cassandra Colbert, Regional Director
for Central Asia, International Finance
Corporation (IFC)*

2019 SUNDOWNERS

Winter 2019

1 February, Almaty
AGM Sundowner
Rixos Almaty Hotel
Sponsor: Citibank

13 December, Almaty
Almaty Winter Holiday Sundowner
InterContinental Almaty Hotel, J Bar
Sponsor: AmCham

Spring 2019

15 March, Almaty
Almaty Nauryz Sundowner
Saffron Restaurant
Sponsor: AmCham

8 April, Atyrau
Atyrau Spring Sundowner
Renaissance Atyrau Hotel
Sponsor: AmCham

26 April, Almaty
Almaty Spring Sundowner
Arba Wine Bar
Sponsor: AmCham

Autumn 2018

20 September, Almaty
Almaty Autumn Sundowner
St. Pierre Restaurant
Sponsor: Chevron

4 October, Atyrau
Atyrau Autumn Sundowner
Renaissance Atyrau Hotel
Sponsor: IFL Kazakhstan

23 October, Nur-Sultan
Nur-Sultan Autumn Sundowner
Marriott Hotel, Vista Lounge Bar
Sponsor: AmCham

31 October, Almaty
AmCham Halloween Sundowner
Royal Tulip Hotel, Circus Nightclub
Sponsor: Royal Tulip Hotel

8 November, Aktau
Aktau Autumn Sundowner
Renaissance Aktau Hotel, Lounge Bar
Sponsor: nVent Thermal



Guests at AmCham Sundowners 2019

2019 HOLIDAY CELEBRATIONS

Summer 2019 - U.S. INDEPENDENCE DAY CELEBRATION

July 6, Almaty

InterContinental Almaty Hotel, Summer Garden

Sponsors: *AVON, Beiersdorf, Citibank, Emerson, Herbalife, Honeywell, Mastercard, Philips, PwC, P&G, Ramstore, Turkuaz, Visor Kazakhstan Turkuaz*

Contributing Sponsors: *Coca-Cola, InterContinental Almaty Hotel, Rixos Almaty Hotel, Royal Tulip Hotel*

Lottery Sponsors: *Beiersdorf, Herbalife, InterContinental Almaty Hotel, Rixos Almaty Hotel, Royal Tulip Hotel*



U.S. Independence Day Celebration 2019

2019 HOLIDAY CELEBRATIONS

Autumn 2019 - U.S. THANKSGIVING CELEBRATION

29 November, Almaty

InterContinental Almaty Hotel, Ballroom

Sponsors: *Bertling, Central Asia Metals, Citibank, Herbalife, Microsoft, Nivea, Pfizer, Philips, Takeda*

Contributing Sponsors: *Air Astana, Coca-Cola, Delta, InterContinental Almaty Hotel, Lufthansa, Rixos Almaty Hotel, Royal Tulip Hotel*

Lottery Sponsors: *Air Astana, Delta, Herbalife, InterContinental Almaty Hotel, Lufthansa, Rixos Almaty Hotel, Royal Tulip Hotel*



U.S. Thanksgiving Celebration 2019

2019 AmCham Spring Awards Gala

The *2019 AmCham Awards Gala*, held on the June 1 in the Ballroom of the *Ritz-Carlton Astana Hotel*, was the highpoint of the year for 300 AmCham members and high-profile guests at corporate tables headed by CEOs from across Kazakhstan. The prestigious Gala is annual black-tie evening attended by Cabinet Ministers, Ambassadors, and corporate CEOs. Nearly 300 guests were seated at corporate tables headed by CEOs, company executives, and clients.

The 2019 Gala was a very special event honoring Prime Minister Bakhytzhan Sagintayev with an *AmCham Public Service Award* for his outstanding service to Kazakhstan and to AmCham advocacy at the *Council to Improve the Investment Environment*, which he chaired for over three years. The Prime Minister attended the Gala, heading a diplomatic table of fifteen Ambassadors who had gathered to honor his public service. Remaining until the end of the evening, he took great interest in the recipients of the other awards and their achievements.

Nominations for the 13 awards increase in number each year as members submit their numerous achievements in competition for these prestigious accolades. In 2019, there were over 60 nominations adjudicated by an arms-length committee representing different industry sectors and regions of Kazakhstan.

- **2019 AmCham Public Service Award (Honorary Award)**
Presented to Former Prime Minister Bakhytzhan Sagintaev

The **2019 AmCham Public Service Award** was awarded to **Prime Minister Bakhytzhan Sagintaev** for his contributions to Kazakhstan and AmCham advocacy. As Chairman of each monthly session of the *Prime Minister's Council to Improve the Investment Environment* for over three years, he supported economic and legislative reform proposed by AmCham and introduced several Council reforms that increased its openness to dialogue.

- **2019 U.S. Ambassador's Award for Best Contribution to U.S.-Kazakhstan Relations (Honorary Award)**
Presented to Timur Suleimenov, Minister, Ministry of the National Economy of Kazakhstan

The **2019 U.S. Ambassador's Award** honored **National Economy Minister Timur Suleimenov** for his contributions to advancing U.S.-Kazakhstan relations. Minister Suleimenov played an instrumental role in Kazakhstan's accession to the *World Trade Organization (WTO)* and for laying the groundwork for U.S. Secretary of Commerce Wilbur Ross' historic visit to Kazakhstan in October 2018. Minister Suleimenov's efforts have also strengthened U.S.-Kazakhstan trade relations through new inter-institutional and market relations.

- **2019 Executive of the Year Award**
Presented to Bela Ferenczi, CEO, General Electric (GE)

The **2019 Executive of the Year Award** was presented to **Bela Ferenczi, CEO of General Electric**, who has continuously demonstrated his leadership and personal commitment to GE. Under his leadership, GE increased the intensity of its operations in Kazakhstan over the past three years. A long-time supporter of developing Kazakhstan's power generation, energy, transportation, and healthcare industries, GE continues to promote development in Kazakhstan by introducing new technologies and contributing its expertise.

- **2019 Women's Leadership Award**
Presented to European Bank for Reconstruction and Development (EBRD)

The **Women's Leadership Award** was presented to the **European Bank for Reconstruction and Development (EBRD)** for its support of women in Kazakhstan's business circles through its *Mentoring Program for Women-Led Businesses*. In conjunction with the Government of Kazakhstan, this program helped educate, advise, network, and finance small to medium enterprises (SMEs) led by aspiring women in the private sector. As a result, 2,400 women across the country received training to develop their skills in this important sector of the economy.

- **2019 Entrepreneurship Award**
Presented to Elmira Kamalova, CEO, Kamal Oil

The **2019 Entrepreneurship Award** - an award presented each year to an individual who achieved great success in the development of their business in Kazakhstan – was presented to **Elmira Kamalova, CEO of Kamal Oil**, who established a modern training center in West-Kazakhstan for technology transfer and development of local talent in the energy sector. Starting as a small family company, Kamal Oil has grown to become a respected industry leader and in 2016 received the *Altyn Sapa Award* from President Nazarbaev.

- **2019 Excellence in Innovation Award**
Presented to Ericsson

The **2019 Excellence in Innovation Award** was presented to **Ericsson** for its ground-breaking development of 5G technologies and networks. Ericsson and Kazakhtelecom have signed an MOU to develop 5G in Kazakhstan in a pilot program that will run from 2019-2021. 2019 was a particularly significant year for Ericsson as it also marked the company's 120th anniversary in Kazakhstan.

- **2019 Most Innovative Education/ Training Award**
Presented to ExxonMobil

This year's award for the **Most Innovative Education/Training Program** was presented to **ExxonMobil** for its *Technical Workshops for Engineers in Kazakhstan*. Since 2014, ExxonMobil has organized workshops for engineers at KazmunaiGas (KMG), its subsidiaries, and its affiliates. The cooperation also led to technology sharing and training for the Kashagan project. In 2017-2018, ExxonMobil continued its efforts with week-long training sessions on project management, which trained 100 Kazakhstani employees.

- **2019 Environmental, Health, and Safety Award**
Presented to Coca-Cola International (CCI)

This year, **Coca-Cola International (CCI)** was presented with the **2019 Environmental and Safety Award** for its *Eco-Cross Project*. This project educated over 10,000 young people in Kazakhstan about recycling and waste separation to promote ecological sustainability. This is in-line with CCI's sustainability policies, which aim to produce more eco-friendly bottles and recycle much of its waste. CCI's social projects also sought to bring safe drinking water to thousands of rural inhabitants through its water filters.

- **2019 Health Protection Award**
Presented to AVON Kazakhstan

The **2019 Health Protection Award** was presented to **AVON Kazakhstan** for its *Avon Breast Cancer Crusade*. For the past 25 years, Avon and Avon's Foundation for Women donated more than \$800 million toward breast cancer research, awareness, and screenings. As a result of AVON's program, 180 million women were educated about the disease and 20 million women were screened. As a part of its awareness efforts, AVON Kazakhstan organized the large-scale *Salsa in Pink* dance festival at the Mega Alma-Ata shopping center in Almaty.

- **2019 Community Service Award – Large Company/ Corporation**
Presented to Shell Kazakhstan

The **2019 Community Service Award for Large Companies / Corporations** was presented to **Shell Kazakhstan** for its *Shell LiveWIRE* global enterprise development program, which has supported small and medium enterprises for over 35 years across 18 countries. Introduced to Kazakhstan in 2019, *LiveWIRE* targets early-stage entrepreneurs in Nur-Sultan and West Kazakhstan and Mangystau Oblasts. It has trained nearly 700 entrepreneurs, developed 14 consultancy projects, and created 337 new jobs within the span of a single year.

- **2019 Community Service Award – Small Company or NGO**
Presented to the Civil Society Development Association (ARGO)

The **2019 Community Service Award** was presented to the **Civil Society Development Association (ARGO)** for its *Empowerment Now!* program. Funded by USAID to improve the social and economic condition of those with disabilities in Kazakhstan, ARGO develops the organizational capacity and advocacy capabilities of disability-focused CSOs, conducts national research on disability-related issues, and raises awareness of these issues across Kazakhstan. As a result, Kazakhstan will soon ratify the *UN Convention on the Rights of People with Disabilities* at an *Empowerment Now!* event.

- **2019 Support for Kazakh Culture Award**
Presented to Ernst and Young (EY)

The **2019 Support for Kazakh Culture Award** was presented to **EY** for its *Support for Kazakhstan's Artistic Heritage*. EY has supported the *Kasteyev Art Museum* in Almaty, the largest art museum in Kazakhstan and one of the country's best centers for the fine arts since 2017. EY also sits on the Museum's Board of Trustees and sponsors many cultural initiatives. Thanks to EY's support, the Museum has been able to organize exhibitions abroad in New York, Moscow, and St. Petersburg.

The 2019 Awards Gala was supported by leading AmCham corporate members whose generosity ensured the evening's high standards:

Gold Sponsors: Bertling, KPO, NCOC, Shell

Silver Sponsors: Chevron, Eurasia Group, ExxonMobil, EY, GE, Microsoft

Bronze Sponsors: Borusan Makina, HeidelbergCement, METRO Cash & Carry, OMV Petrom, Phillip Morris International, Turkuaz

Contributing Sponsors: Air Astana, Coca-Cola

Looking Ahead: 2020 Spring Awards Gala

As the most prestigious AmCham event of each year, an evening in which outstanding achievements that might not always be known to the entire corporate, diplomatic, and government community are recognized and honored, the Awards Gala will be held again in the spring in Nur-Sultan in 2020. Each year, nominations increase across all categories, demonstrating the enormous contributions made by AmCham members in all industry sectors, as well as by NGOs and international financial and humanitarian organizations, to Kazakhstan's social and economic growth.



AmCham in Kazakhstan's Regions

Although Almaty is recognized as Kazakhstan's commercial center, it is vital to AmCham to maintain its presence in Kazakhstan's other major cities where the AmCham membership is concentrated. These regional centers are Nur-Sultan (formerly Astana), Kazakhstan's capital city where AmCham's intensive advocacy initiative is conducted *vis-a-vis* the Government of Kazakhstan, Atyrau and Aktau in the Caspian region, the heart of the oil industry, and Shymkent, the rapidly growing business center in southern Kazakhstan.

AmCham Resident Regional Representatives are based in these four cities, enabling the Chamber to understand issues important to members outside Almaty. In 2019, the AmCham Resident Regional Representatives were:

- **Nur-Sultan - Bela Ferenczi, General Director, GE**
- **Atyrau - Haymish Paulse, Deputy General Manager, Tengizchevroil**
- **Aktau - Dorin Baru, General Manager, OMV Petrom**
- **Shymkent - Roman Kempe, Kazakhstan Manager, Heidelberg Cement**

The AmCham Board of Directors also includes prominent members from Nur-Sultan and often from the Caspian region. In 2019, Nur-Sultan was represented by **AmCham Vice-President Bela Ferenczi, General Director, GE.**

The **InterMinisterial Working Groups** are structured as video-conferences in order to include member participation from other cities outside of Nur-Sultan, the seat of the Government. These Groups are a valuable addition to the AmCham regional presence and ability to advocate on behalf of its diverse membership.

AmCham highlights issues affecting the oil industry and the Caspian region at the *Prime Minister's Council to Improve the Investment Environment* and has achieved success on behalf of major oil companies operating in the region. AmCham continued these efforts through the **InterMinisterial VAT Refunds Working Group** and through its successor, the **InterMinisterial Tax Reform Working Group**, both working with the Finance Ministry and the State Revenue Committee on tax issues crucial to the oil industry, as well as many other industries.

The other **InterMinisterial Working Groups - The Environmental Law Reform Working Group** and **Energy Renewables Working Group** - are also engaged in crucial advocacy work affecting oil industry operations with the Energy and Ecology Ministries.

As described in the **AmCham Working Groups** section, new Groups have been added this past year for a total of 24 Working Groups (both Internal and InterMinisterial) across all regions of Kazakhstan.

AmCham organizes a variety of events in each of the above four regional cities each year, and the Executive Director regularly travels with staff to each city for conferences, speaker events, Sundowners, and Working Group meetings.

Nur-Sultan receives continuing close attention to further develop the relationship with the Government, as well as to remain in touch with the diplomatic community in the capital. Monthly Council sessions are held in Nur-Sultan, as well as many follow-up meetings with Ministers on issues raised at the Council. **AmCham Economic Policy Forum Conferences** are held annually in Nur-Sultan so as to involve senior Government officials in advocacy issues.

In 2019 the **AmCham Economic Policy Forum Conference** in Nur-Sultan had as its topic *Cybersecurity and Cybercrime: A Challenge for the 21st Century*, with four prominent Keynote Speakers and four panels composed of AmCham CEOs from a broad range of industries. Keynote Speakers were *Justice Minister Marat Beketayev*, *Digitalization and Innovation Askar Zhumagaliyev*, *U.S. Ambassador William Moser*, and *Canadian Ambassador Nicholas Brousseau*.

The **AmCham Awards Gala** each year includes recognition for corporate and individual initiatives in all regions of Kazakhstan. In recent years, the Gala has been held in Nur-Sultan.

Articles about regional issues are continuously sought for **Investors' Voice**, which regularly publishes a *Caspian Spring Issue* devoted to *Western Kazakhstan and the Caspian region*. News from other regions is covered as it arises.

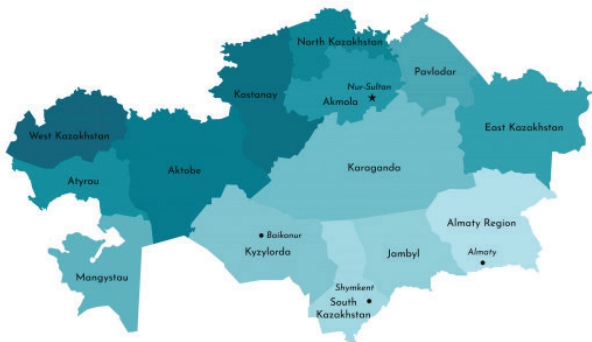
The **2014** and **2018 Investment White Papers** were based on input from AmCham corporate members in all major regions of Kazakhstan.

Looking Ahead: AmCham in Kazakhstan's Regions in 2020

As an integral part of AmCham operations to represent all of Kazakhstan's major investment regions, the AmCham regional presence will continue in 2020. AmCham will continue to organize Roundtables, Workshops, and Sundowners throughout the year to bring members together in the regions. The **Caspian Spring Issue** of **Investors' Voice** will continue to highlight developments in the Caspian region with special attention to Atyrau and Aktau.

AmCham will maintain its presence in Nur-Sultan and intensify its advocacy efforts for members in all regions through the *Council to Improve the Investment Environment*, as well as in direct contact with the Ministries participating in the Inter-Ministerial Working Groups. Closer collaboration with the **Ministries of the National Economy, Finance, Justice, Industry and Infrastructural Development, Energy, Ecology, and Healthcare** will be developed.

The annual **AmCham Economic Policy Forum Conference** and **Awards Gala** will continue to be held in Nur-Sultan in 2020.



AmCham Publications and Communications

A crucial area of AmCham activity is its publications and communications strategy, which ensures the broadest possible visibility to AmCham, 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.

In that AmCham Chamber maintains close ties with all diplomatic missions in Kazakhstan, AmCham publications are distributed to embassies and other diplomatic missions in Astana and Almaty. Kazakhstan 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 Chamber's face and voice throughout the world.

Among AmCham publications are *White Papers* on investment and other topics developed for presentation to the Government, more specifically to the Prime Minister and Cabinet Ministers who attend the *Council to Improve the Investment Environment*. In 2018 two White Papers were prepared and submitted to the Prime Minister.

Investors' Voice (IV)

Investors' Voice (IV) is the AmCham flagship publication, a 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 publication. Each Issue sets out a priority theme and presents thematic feature articles containing 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 and leading non-members 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.

In 2019 individual issues of *IV* were devoted to the following themes:

- ***Winter Tax and Legal Perspectives – New Challenges and Approaches (February)***
- ***Caspian Spring 2019 – Kazakhstan’s Oil and Gas Heartland (April)***
- ***Summer Advocacy Potpourri – Best Summer Reading (July)***
- ***Autumn Oil & Gas Review – The Perspective of Industry Leaders (October)***
- ***Cybersecurity and Cybercrime – A 21st Century Challenge (December)***

Each *IV* cover features contemporary artwork either by a Kazakh artist, thus promoting Kazakhstan’s artistic culture, or from the U.S. State Department’s extensive ***Art in Embassies*** collection, which organizes contemporary art shows worldwide and provides art for U.S. Embassies.

AmCham 2018 White Papers

In 2018 AmCham prepared an expanded update of its ***2014 White Paper - Improving Kazakhstan’s Investment Climate: Top Ten Barriers to Foreign Investment*** for presentation to the Prime Minister and the Cabinet Ministers at *The Council to Improve the Investment Climate*. The 2014 version was well-received by the Prime Minister, who invited AmCham to deliver presentations on each section to the Cabinet at its weekly meetings.

The 52-page ***2018 Investment White Paper: Improving the Investment Climate - Barriers to Foreign Investment*** included updates on the original ‘*Top Ten*’ from 2014 and added six new chapters focused on **Privatization, Intellectual Property, Currency Controls, Agriculture, Healthcare, and the Oil and Gas Industry**.

In the Summer of 2018 AmCham produced a second ***Investment White Paper - Building a World-Class Healthcare System in Kazakhstan*** in response to the Healthcare Ministry’s project to draft a new Health Code. The Paper contained recommendations for a number of problem areas – health insurance, localization, intellectual property rights, market access, opportunities for efficiency, citizen involvement. The pharmaceutical industry contributed commentary on patent protection, drug pricing, and procurement.

AmCham Membership Directory 2019-2020

The ***AmCham Membership Directory*** is a comprehensive 150-page publication listing and describing each AmCham member institution in a half-page entry for informational and promotional purposes. It is compiled each summer for distribution at the annual autumn oil and gas conferences and 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: 2020 Publications and Communications

AmCham regards its publications and communications as a priority area of its overall activity – its face and voice to members and non-members around the world. All of the above publications will be continued and updated in 2020. **Investors' Voice** will continue to evolve, having progressed in recent years from being primarily a membership publication to recognition as a major regional business magazine.



AmCham Philanthropy and Community Service

AmCham has traditionally served the outside community as well as its own member community in a variety of ways. In 2019 AmCham made donations to serve a number of international needs, as well as assisting recent graduates from local institutions of advanced learning to launch their careers.

- AmCham offers **Internships with stipends** each year to final-year students from *KIMEP* and *Nazarbayev University* and to young professionals specializing in management, economics, and finance. Their support with event organization, bookkeeping, and membership is invaluable. AmCham has also been able to offer staff positions to interns upon graduation or to recommend them for employment to member companies.
- In 2019 AmCham donated \$5,000 to the **U.N. High Commission for Refugees (UNHCR)** to assist with the enormous financial needs associated with the continuing refugee movements towards Europe and North America. Kazakhstan has its own refugee and migration challenges from the surrounding countries and the Middle East. The AmCham donation was directed towards meeting Kazakhstan's requirements in refugee resettlement and support.

Looking Ahead: Philanthropy and Community Service in 2020

Although the AmCham capacity for philanthropy has been restricted in recent years as a result of frequent devaluations of Kazakhstan's national currency and its impact on the business community, charitable events and donations will ramp up in 2020 as AmCham continues to serve the community in which its members live and work.



2019 AmCham Financial Report

AmCham met revenue targets in the 2019 Budget and remained within budgetary guidelines, resulting in a modest surplus. A detailed report by the Board Treasurer on the Chamber's 2019 Financials is an essential part of the Annual General Meeting in January 2020.

Looking Ahead: 2020 AmCham Budget

The 2020 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 2020. Advocacy costs will continue to be an important budgetary item but will remain within revenue parameters.



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