

FEATURES OF THE LEGAL REGIME OF INVESTMENT IN SPECIAL ECONOMIC AND INDUSTRIAL ZONES IN THE REPUBLIC OF KAZAKHSTAN

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ABSTRACT

This article considers the general characteristics of the business climate of Kazakhstan, the possibility and conditions of registration of legal entities, licensing of the right of activity, and legal analysis of special economic and industrial zones. The purpose of this study is a comprehensive analysis of the legal regime of foreign investment in special economic and industrial zones of Kazakhstan, analysis of the regulatory framework, and its due compliance with leading international agreements. For a comprehensive analysis, the study employed generally accepted methods of theoretical and empirical analysis of investment policy and activities of the Republic of Kazakhstan as the main research methods. Using the dialect method, the dynamics, characteristics, and significance of special economic and industrial zones were considered. Based on the results of this study, it can be concluded that due to the imperfection of the legal mechanism of the functioning of special economic and industrial zones, foreign investment in these areas requires an additional mechanism of legal regulation according to the national regulatory framework. Prospects for further research can be presented by improving the legal climate of the state and introducing specialized measures to attract both national and foreign investors.

Key words: *special legal regime of entrepreneurship, foreign investment, investment process, statutory regulation, tax benefits.*

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1. INTRODUCTION

The 21st century can be safely described as a period of intensified globalization and integration processes, and expanded innovation activity. It can be argued that global phenomena such as financial and economic crises lead to the testing of global elements, including the world economy and the world economic system. For instance, the ongoing global monetary crisis led to full-scale economic losses, from which many states cannot recover to this day. In these circumstances, the complexity of the world economic system requires the introduction of effective and comprehensive economic means. A good example is the special economic zones (SEZ) and industrial zones (IZ), the practice of creating which has found its expression in many state processes and phenomena. In recent years, the development of such unique institutions and enclaves has become the primary task of the state government, whose reforms are aimed at changing the vector of activity from a centrally planned economy to a market economy, in particular in the Republic of Kazakhstan.

The relevance of this study is conditioned upon the fact that the proper provision of purchasing the development of the entire economic sector of the state and the socio-economic potential of individual regions of Kazakhstan is closely related to several factors, namely: firstly, successful activation of investment activity, and secondly, the functioning of a successful model for attracting foreign investment both in individual regions and in the state as a whole. It is the combination of these factors, with proper statutory regulation, that allows a breakthrough in the diversification of economic processes, stimulating the transfer of advanced technological developments at enterprises of various industries of Kazakhstan. Moreover, this measure will create new production facilities by ensuring the creation of new jobs, and an increase, and growth in tax revenues. The mechanism of attracting foreign investment today is a multifaceted process that requires coordinated work of many sectors, including the state apparatus, the quasi-state system of legal management, as well as the active efforts of the private sector^{1,2}. To achieve the tasks set, a novel approach was created and implemented – a multi-level system of interaction and complementarity of the functioning of central and local authorities, as well as foreign institutions of

¹ Aimagambetov, E.B., Taubaev, A.A., Ainabek, K.S., Kaigorodtsev, A.A.: *Industrial and innovative development of the economy of Kazakhstan: theory and practice*, Publishing House of KEU, Karaganda, 2018.

² Yeshimova, D.A., Nurkenova, N.T., Tokaev, A. Z.: Construction of a new terminal of Astana airport: problems and solutions for the implementation of the project, *Bulletin of the University of Turan*, 1(77) 2020, pp. 92-98.

Kazakhstan and quasi-public sector entities³. In addition, a system of advanced and high-priority industrial ways has been developed and successfully implemented for enhanced attraction of foreign investment flows with their further localization in the production of particular product categories.

During the period of Kazakhstan's independence, a high indicator of effectiveness and attractiveness of investment and business conditions can be noted. In turn, the conclusion and ratification of preferential agreements with foreign investors in various areas, including the import and export of equipment, raw materials, means of production; customized taxation system; currency transactions; conditions for transferring profits; establishing rights and obligations of land use; conditions of stay and residence, immigration features – all this legislatively establishes the model of rights and benefits, which will subsequently determine the economic and legal “face” of the state. Kazakhstan is rightfully considered a reliable business partner with a stable and favorable investment climate, which is provided, firstly, by a favorable geopolitical and geostrategic location, a high transport and logistics connection, a rich raw material base, as well as a relatively low tax burden system. Thus, the total volume of attracted direct investments during the period of Kazakhstan's independence amounted to approximately 360 billion dollars⁴.

Considering the specific constitutional features of Kazakhstan, namely the fundamental principle of activity, according to which the economic development of the state is the property of the entire people, the mechanism of foreign investment can be viewed through the lens of a leading instrument for the development and strengthening of the positions of both the national economic system and the world, as well as a successful method of integrating Kazakh enterprises into the international system of the economic sector space⁵. As a result, a stable investment climate has been developed in Kazakhstan, which, together with a proper national regulatory system, including a national network of development institutions, quasi-governmental organizations, institutional and regional structures, and in interaction with international obligations in its organic combination, create a range of attractive investment resources and, as a result, the growth of macro- and meso-economic indicators of the state.

³ Manuel, F.-G., Taubaev, A.A., Malelov, N.T., Zhailauov, E.B.: The role of socio-entrepreneurial corporations in Kazakhstan in the development of public-private partnership mechanisms, *Bulletin of KarSU: Series “Economics”*, 3(83) 2021, pp. 125-133.

⁴ Abulkhatayeva, G.A., Adietova, E.M.: Investment project management as an effective mechanism of innovative development of Kazakhstan, *Problems and prospects of modern science*, 5 2019, pp. 159-163.

⁵ Turgenbayev, N.A., Kantarbayeva, A.: Foreign direct investment in the banking sector of Kazakhstan, *Economics: Strategy and Practice*, 4(15) 2020, pp. 169-181.

The main purpose of the study is to analyze the idea of their foundation and functioning, to consider the model of giving certain territories a special regime of economic activity and preferential conditions for the activities of foreign investors and enterprises whose main financing is based on foreign investment.

2. MATERIALS AND METHODS

Considering the specific features of this study and the subject investigated in it, the authors used both generally accepted methods and techniques of scientific cognition and particular ones related to the legal sphere of scientific research. Thus, the theoretical method of research was based on the method of scientific generalization of the results obtained and the system method. Using empirical methods, such as the method of statistical processing of data and information, the parameters of the analyzed investment activity of Kazakhstan were analyzed and structured. The information and statistical basis of this paper includes official information provided by the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan Bureau of National Statistics⁶. The systematic method is represented by the analysis and structuring of certain provisions of the investment activity of Kazakhstan, consideration of factors and conditions for attracting foreign investment, the development of a national network of development institutions, which comprise quasi-governmental organizations and institutions, including structures of special economic and industrial zones.

Special methods of scientific research have found their expression in the analysis of the establishment and development of such unique institutions as industrial production zones, and service and technical implementation zones, which in their organic combination constitute the phenomenon of special economic and industrial zones. Thus, the influence of special economic and industrial zones on the investment climate model of Kazakhstan and the genesis of the features of the legal regime of foreign investment in these areas was analyzed through the historical legal method. The dialect method found its expression in the study of the dynamics, characteristics, and significance of the features of the legal regime of foreign investments in special economic and industrial zones and their impact on the system of state supervision in the sector of foreign financing, taxation, and regulation. Using formal legal and formal dogmatic methods, the study analyzed the interrelation of fundamental concepts and definitions inherent in the investment sector of the national economy of the

⁶ Agency for Strategic planning and reforms of the Republic of Kazakhstan Bureau of National statistics, 2021.

Republic of Kazakhstan, as well as complex investment activities, including a list of international provisions.

The study was carried out in several stages. Thus, the first stage of this study analyses the concept of foreign investment in the world economic system of states with diverse economic climates and investigates the question of the development of this institution in states with developed economies, economies in transition, and a systematically developing economy. The paper considers the evolution of investment legislation in the Commonwealth of Independent States (CIS) countries and the Republic of Kazakhstan. The second stage of this study analyses and comprehensively studies the legal norms of the Republic of Kazakhstan, which govern the financing and functioning of special economic and industrial zones. The theoretical legal framework of this study was formed through the study of international regulations, the Constitution of the Republic of Kazakhstan, legislative acts, presidential decrees, and Government resolutions, which in its organic combination served as the basis for further results and discussions. This study presents the definition of the terms “special economic zone” and “special industrial zone” to further analyze the legal regime of foreign investment in these zones. A comprehensive analysis of measures and methods for the creation and functioning of the said zones allowed the establishment of a financial legal connection between the regulation of these zones by public authorities and the international economic community. The final stage of this paper systematizes the data and provisions obtained by empirical research, clarifies practical and theoretical conclusions, and generalizes and structures the results obtained.

3. RESULTS AND DISCUSSION

In present-day conditions, one can observe the development and functioning of such specific regulatory provisions, the purpose of which is to regulate a set of measures of national legislation regarding the possibility of foreign investment in this state, the development of which is conditioned upon both objective and subjective reasons. Thus, the objective reasons should include the fear of a foreign investor associated with all kinds of non-commercial risks. It incurs, relative to national investors, higher losses and expenses directly related to its activities and arising from direct financial activities on the territory of a “foreign” state. Subjective reasons can be safely attributed to the desire of a foreign investor to receive a full range of tax benefits and preferences and to secure their financial activities.

Historically, there have been several approaches to the issue of national legal regulation of foreign investments. Thus, in the countries where the market

economy is at a high level (the United States of America (USA), Germany, and the United Kingdom (UK)), there are simply no such legislative mechanisms and regulations, the same regulations apply to the economic activities of foreign investors as to the economic activities of other subjects of economic turnover. Thus, the provisions and norms of civil and commercial legislation, as well as the provisions of other branches of national legislation, apply in full to the foreign investor. In turn, it is also possible to observe numerous certain restrictions that take part in the activities of foreign investors. For example, certain restrictions may be applied in the complex list of branches of the national economy, where functioning and economic activity may be undesirable, restricted, or even prohibited, and a procedure is applied to foreign investors, within the framework of which the possibility of allowing activities on the territory of a given state is established. For example, in Austria, any foreign investment is prohibited in the audit and legal complexes; and activities in the transport, mining, and energy industries are allowed with special licensing and only in the format of mixed companies⁷. In France, foreign investments cannot enter the energy sector, and the defense industry, as well as in those areas whose direct foreign financing can be considered as damaging national public order, safety, and health⁸.

The permissive procedure for foreign investors to engage in their activities has found expression in such states as the United States of America, Spain, and France, as well as in several other states. Thus, the USA Foreign Direct Investment Act of 1990 governs the regular consideration by the USA Congress of all enterprises with a mechanism for foreign investment⁹. The so-called Exxon-Florio amendment of 1988 to the Production Protection Act of 1950 gives a legitimate opportunity to American authorities and individual states the right to control investments in those areas that directly affect the interests of the state or national security. This Act imposes obligations on foreign investors to notify the Special Committee on Foreign Investments about their plans and actions, whose participants are representatives of the 12 economic and power complex. This committee has the opportunity to check any transaction at any stage, and at the slightest threat to the USA national security, the USA President has the right to cancel it¹⁰. In turn, in the UK, based on the Foreign

⁷ Bulatov, A.S.: *Capital export: own company abroad*, Publishing house "Bek", Moscow, 1996.

⁸ Lisitsa, V.N.: *Legal regulation of foreign investments: problems of theory and practice*, Russian Academy of Sciences, Moscow, 2017.

⁹ Shumilov, V.P.: *International Financial Law*, International Relations, Moscow, 2015.

¹⁰ Jia, W., Li, S., Zhao, J.: Kicking back against kickbacks: An examination of the Foreign Corrupt Practices Act and US foreign investment, *Journal of International Business Studies*,

Exchange Regulation Act, direct foreign investment is allowed considering the individual admission of the Bank of England¹¹. In Italy, the procedure of preliminary permission for foreign investment is applied to such areas as insurance, banking, aviation, and maritime transport⁷.

In those states with a transition economy, as well as in states with a well-established market economy, legislative acts on foreign investment are adopted at the first stages, but later they are either abolished altogether or transformed into investment laws that establish a single legal regime for both national and foreign investments. Thus, in 1973, the Foreign Investment Act was adopted in Canada, which was replaced by the Investment Act in Canada in 1985¹². In turn, in those states that pursue a fairly active policy of attracting foreign financing for the subsequent solution of both national and economic problems, there is a fairly detailed regulation and governance of the legal regime of foreign investment. This can be observed in countries such as China, Poland, and Hungary. Countries with developing economies, such as Africa, Latin America, and Asia, have special legislation on foreign investment, which includes codes and laws, as well as other investment legal acts^{13,14}. For example, over 40 investment codes have been adopted in the world, among them there are 26 in Africa, 9 in Asia, and 7 in Latin America and the Caribbean⁸.

Thus, the ratification and implementation of special laws and legislative acts on foreign investment have found their expression in the desire to attract foreign investment in the economic sector of the state by creating favorable and preferential conditions for the entire range of foreign investments. In conditions of sustainable economic development, the need to create a range of special conditions and benefits for foreign investment disappears, and specially adopted laws and regulations in this area are canceled. Thus, there is a general trend in the development and strengthening of the positions of national legislation on the mechanism of regulation of foreign investment in many states, namely: through proper planning and ongoing reforms in the field of investment policy, leading to an increase in national economic indicators and, as a result, improving the welfare of the entire population, one can observe the process of disap-

53(2) 2022, pp. 326-343.

¹¹ Voznesenskaya, N.N.: *Mixed enterprises as a form of international economic cooperation*, Nauka, Moscow, 1986.

¹² Hale, G.: Converging and diverging streams: a systemist analysis of Canadian foreign investment policies adaptation to shifting global trends, *Canadian Foreign Policy Journal*, 27(3) 2021, pp. 347-379.

¹³ Bogatyrev, A.G. *Investment law*. Moscow: Russian Law, 1992.

¹⁴ Boguslavsky, M.M.: *Foreign investments: legal regulation*, BEK Publishing House, Moscow, 1996.

pearing borders and differences between the regulation of the legal regime of foreign investment and the national one. This suggests that a specially created legal field for the regulation of foreign investment is being replaced by a general regulatory mechanism, which is consolidated in the provisions of national legislation (investment, civil, trade).

Notably, the mechanism of development of investment legislation in the CIS countries was launched during the period of the Union of Soviet Socialist Republics (USSR) and also found the process of its collapse and the formation of individual sovereign states. Thus, the Law of the USSR “Fundamentals of legislation on investment activity in the USSR”¹⁵ dated December 10, 1990, and Fundamentals of Legislation No. 2302-I “On foreign investments in the USSR”¹⁶ dated July 5, 1991, regulated the right of republics to apply their legislative provisions regarding investment activity in their territories if it did not violate the provisions of the USSR Constitution and the legislation in force at that time. In the Kazakh SSR, Law of the Kazakh SSR No. 383-XII “On Foreign Investments in the Kazakh SSR”¹⁷ was adopted on December 7, 1990, and the Law of the Kazakh SSR “On Investment Activity in the Kazakh SSR”¹⁸ – on June 10, 1991. The Law of the Kazakh SSR No. 383-XII “On Foreign Investments in the Kazakh SSR”¹⁷ was ratified more than six months before the entry into force of the Fundamentals of legislation No. 2302-I “On foreign investments in the USSR”¹⁶ and thus is the first regulation in this area. In addition, the Law of the Kazakh SSR No. 383-XII “On Foreign Investments in the Kazakh SSR”¹⁷ expresses the provisions of the Law of the USSR “On Property in the USSR” of March 6, 1990¹⁹, and the Decree of the President of the USSR “On foreign investments in the USSR”²⁰ of October 26, 1990. This suggests that the first practice among the Union republics on the transition from a closed economy to a market economy has manifested itself, and gave the republic the basis to legitimately participate in international relations, including investment.

Analyzing and describing the provisions of the first regulations on foreign investments of the former Soviet republics, attention should be paid to the fact that they were declarative and had no obvious distinguishing features from

¹⁵ Law of the USSR “Fundamentals of legislation on investment activity in the USSR”, 1990.

¹⁶ Fundamentals of legislation No. 2302-I “On foreign investments in the USSR”, 1991.

¹⁷ Law of the Kazakh SSR “On Foreign Investments in the Kazakh SSR”, (No. 383-XII of 7 December 1990).

¹⁸ Law of the Kazakh SSR “On investment activity in the Kazakh SSR”, (No. 24 of 10 June 1991).

¹⁹ Law of the USSR “On Property in the USSR”, (of 6 March 1990).

²⁰ Decree of the President of the USSR “On foreign investments in the USSR”, 1990.

each other. Admittedly, there were positive aspects of their adoption, namely: firstly, the provisions that regulate relations with foreign investors and investments have been legislatively consolidated; secondly, the adopted regulations have consolidated the framework and mechanism for attracting foreign investment into the national economy system, which ultimately contributed to an increase in foreign investment; thirdly, the consolidated provisions provided foreign investors with guarantees of their economic activity²¹. Thus, the unification of regulatory provisions by providing guarantees to foreign investors contributed to an increase in economic interest on their part and considerably influenced their financial activity. As for the regulatory mechanism of foreign investment, it is impossible not to note the existence of such special institutions as special economic and industrial zones, which basically contribute to attracting and economic turnover of foreign investment. Thus, today there are several special economic zones and industrial zones operating in Kazakhstan. The SEZ should be understood as that part of Kazakhstan, which is designated by the formed borders, and on the territory of which a specially created legal regime of the SEZ legally operates to carry out those activities that are the highest priority. Their priority and list are determined by a special authority exercising state supervision and regulation of the functioning of the SEZ. The very same decision on the creation of the SEZ is made by the Government of the Republic of Kazakhstan.

The primary goal of creating a SEZ is the full-scale development and further functioning of a particular economic sector. For example, the purpose of the SEZ “Astana – New City” is to create competitive and high-quality types of production, the operation of the SEZ “Information Technology Park” is aimed at improving information technology. Thus, to date, there is a total of 13 SEZs in Kazakhstan²². According to Kazakh legislation, the SEZ can be created and operated for up to 25 years, and this period can be extended directly by the Government. As mentioned earlier, in the specially designated territory of the SEZ, full-fledged participants in business relations and their assets have a special legal regime that makes provision for certain preferences established by law, namely: tax, land, customs, employment legislation, and the current Law of the Republic of Kazakhstan No. 242-VI “On special economic and industrial zones”²³ dated April 3, 2019. As for the specific features of the legal regime of investing in SEZ, the following regulatory provisions deserve atten-

²¹ Baratova, M.A.: Investment disputes: concept, types, methods of resolution, *Legislation*, 4 1998, pp. 66-67.

²² Special economic and industrial zones of Kazakhstan, 2021.

²³ Law of the Republic of Kazakhstan “On special economic and industrial zones”, (No. 242-VI of 3 April 2019).

tion. Thus, according to the Code of the Republic of Kazakhstan No. 120-VI “On taxes and other obligatory payments to the budget (Tax Code)”²⁴, both for organizations and for individual entrepreneurs who operate on the territory of the SEZ, when considering the amounts of land tax, as well as the tax on individual property and fees for the use of land plots subject to taxation as taxation objects located on the territory of the SEZ, their taxes and fees are reduced by 100%. In turn, for those organizations that operate on the territory of the SEZ, a reduction of 100% in income from the sale of goods, works, and services is legally consolidated, which is considered as the final result of the implementation of those activities that are the highest priority according to corporate income tax. This provision also falls under the jurisdiction of the Code of the Republic of Kazakhstan No. 120-VI “On taxes and other obligatory payments to the budget (Tax Code)”²⁴.

According to the Law of the Republic of Kazakhstan No. 242-VI “On special economic and industrial zones”²³, the entire territory of the SEZ should be considered as part of the territory of the Eurasian Economic Union (EAEU), which allows discussing specific free customs procedures operating on it. Thus, a separate procedure of the free customs zone is fully applied to both national and foreign goods placed and used on the territory of the SEZ. This should be interpreted as the right not to collect customs duties and individual taxes on a group of goods that are imported; in turn, this excludes excise duty. In addition, those commodity groups that belong to the EAEU are not subject to prohibition and restriction, the levers of non-tariff regulation are not used, except for the requirements regarding the safety of the goods themselves. Notably, the customs procedure for declaring commodity groups on the territory of the SEZ is not required for certain states, such as the Republic of Kazakhstan, the Republic of Belarus, the Kyrgyz Republic, the Russian Federation, and the Republic of Armenia. An additional legal regime is imposed for the participants of the SEZ “Park of Innovative Technologies” in the field of benefits. Thus, as noted earlier, the social tax is reduced by 100%, and the marginal depreciation rate increases, which is applied to activate and regulate taxation. In the field of software, benefits range from 15 to 40%. In turn, SEZ participants can use tax preferences outside these SEZs, excluding value-added tax and customs duties measures.

It is also important to note the list of legislative conditions that allow foreign SEZ participants to receive tax benefits, namely a foreign investor must be registered as a taxpayer at the place of regulation of its activities in a regional body on the territory of the SEZ; not have separate structural divisions

²⁴ Code of the Republic of Kazakhstan “On taxes and other obligatory payments to the budget (Tax Code)”, (No. 120-VI of 25 December 2017).

and enterprises outside the territory of the SEZ; at least 90% of income per year must consist exclusively of from the income received through the sale of goods, works, and services of own production from the activities provided²⁵. In addition to the above, to ensure the admission of foreign investors to the territory of the SEZ, the Law of the Republic of Kazakhstan No. 242-VI “On special economic and industrial zones”²³ specifies a list of requirements for participants in matters of funds, as well as other property not withdrawn from financial circulation to implement the planned project. There is a special legal regime for foreign investment on the territory of the SEZ, which finds its expression in providing residents with a special tax regime, established by the regulatory framework of the Member States of the Customs Union, as well as in creating more attractive and ultimately favorable conditions for their further business activities.

According to the legislation, IZ means a specially designated territory provided with a separate engineering and communication infrastructure for private business entities with the further possibility to locate and operate business objects located on the territory in different areas, for example, in the industrial complex, agro-industrial, tourism, transport logistics, as well as waste management. The primary goal of the creation of the IZ is a full-scale complex in the field of infrastructure support for the development and regulation of foreign entrepreneurship both in certain regions of Kazakhstan and throughout the territory²³. An analysis of the conditions under which other countries exist today demonstrates that tax benefits are rarely used and are not perceived by businesses as a substantial advantage. The availability of ready-made infrastructure, ready-found potential partners, the opportunity to take a targeted loan on preferential terms or receive a grant from the state, and the absence of import duties on equipment are much more appreciated. The main purpose of IZs’ existence is the development of innovative technologies and their introduction into production, that is, attracting investment is valued not as such, not as money involved in the country’s economy, but as a tool for introducing new technologies and enriching the state with their help. To date, there are 36 of them in total in Kazakhstan, among them 23 are active, 11 are under implementation, and 2 are private²².

Of particular interest is the existing “one window” principle for the provision of a list of public and other services in the territory of the Republic of Belarus, which found its expression in the following. Foreign investors are granted the right to timely provision of finance and public services, as well as support in

²⁵ Resolution of the Government of the Republic of Kazakhstan dated “On approval of the list of goods of own production (works, services) by types of activities corresponding to the purposes of creating special economic zones”, (No. 703 of 13 May 2009).

information support in the field of services rendered. Thus, the primary condition for granting investment and other preferences, as already mentioned, is the implementation of investments in economically important and priority sectors of activity. In turn, the list of priority activities for which investment preferences are provided was approved by the Resolution of the Government of the Republic of Kazakhstan No. 436 “On some issues of implementation of the Law of the Republic of Kazakhstan “On Investments”²⁶, which includes 245 types of activities. Depending on the entity responsible for the creation and provision of investment services, as well as depending on the source of financing, they are divided into public and private. At the same time, state-owned enterprises are classified into zones of republican and regional significance, as well as into small zones. IZs of both republican and regional significance are created for at least 20 years, with the possibility of further prolongation by local executive authorities.

Arguably the most effective IZs are state ones, the main purpose of which is not to profit from the project or lease of land, but to attract investors who will subsequently pay taxes and create new jobs. Private IZs are frequently speculative by nature. They have to return the funds invested in the infrastructure, so their prices for services are usually higher. Such parks are subject to higher requirements in terms of the level of efficiency of business entities. Notably, no special tax and customs benefits, unlike incentive mechanisms for SEZ participants, are directly provided for IZs. Therewith, the attractiveness of participation in the implementation of business projects on the territory of the IZ for business entities is conditioned upon the high cost of land plots and the need for additional costs for the construction of expensive infrastructure. These circumstances do not allow the regional authorities to master all the costs on their own, and small and medium-sized businesses to independently carry out engineering communications and buy land at a market price. Furthermore, investment preferences may be granted to residents of the Russian Federation according to other regulations.

It can be argued that an essential factor in the involvement of business entities in the activities of the company is the minimization of infrastructure costs, one way or another, but almost always accompanying the creation and development of production areas. The state, represented by management companies, while taking on most of the costs of creating an IZ, also receives certain benefits from such cooperation in the form of a future increase in both the regional and national tax base. In turn, the government’s decision on the establishment

²⁶ Resolution of the Government of the Republic of Kazakhstan “On some issues of implementation of the Law of the Republic of Kazakhstan “On Investments””, (No. 436 of 8 May 2003).

and further functioning of the IZ is made by local executive authorities. The decision on the creation of a private company is adopted by considering the opinion of local executive authorities by voting. The above-mentioned zones are under the patronage of the joint-stock company “Kazakhstan Centre of Industry and Export “QazIndustry”. The work of this coordination center is based on the permanent development, improvement, and further expansion of investment attractiveness for both SEZs and IZs²². Thus, the practices of the Republic of Kazakhstan indicate that the adoption and ratification of appropriate regulations on foreign investment, due to the desire to create a proper business climate and a special preferential regime in the state and conditions for the activities of foreign investors, have found their expression in the development and increase in the economic potential of the state and certain areas of industry.

The conducted study demonstrates that the legislative framework and statutory regulation in Kazakhstan in terms of the strategy of economic development and growth are flexible and adaptable both to internal and regional trends and to global economic ones, including changes in the global and regional investment climate. The functioning of zones in Kazakhstan plays a primary role in the implementation of world trade relations, simplifying trade procedures and providing financial support to the state, simplifying its response to increasing competition and all kinds of changes in the field of economic well-being. The permanent evolution of both the external and internal economic environment creates an urgent need to establish and properly implement such fundamental determinants of the structure of global investment as SEZs and IZs. In turn, the above-mentioned institutions in Kazakhstan should properly comply with the law and be capable of adapting through periodic planned assessments of both the effectiveness of their activities and statutory regulation. It will also open up the opportunity for a wide scope of experiments in the developing market-oriented economy of Kazakhstan. As mentioned earlier, for the proper and effective operation of the zones, they are subject to qualitative planning, evaluation of work, and efficiency.

4. CONCLUSION

At present, Kazakhstan attempts to investigate and consider those foreign investments committed to strategically important economic sectors. Thus, according to the legislative framework of the Republic of Kazakhstan, such strategically important industries are extraction and further processing of fuel and energy minerals, including oil, gas, coal, etc.; mechanical engineering, chemical and transport industries; production and further logistics regarding electricity distribution, as well as those areas of activity aimed at production

of a military-industrial nature. The national regulatory framework of Kazakhstan will not be limited to these provisions but will only be supplemented by separate provisions related to foreign investments and their further regulation in various areas of economic importance.

In turn, the specific feature of foreign investment in the SEZs and IZs lies in the preferences and features of the economic climate provided for entrepreneurship, ensuring the proper functioning of both foreign and national enterprises. Proceeding from the above research, there is no need to stimulate national producers, as well as the need for additional legislative acts from the Republic of Kazakhstan regarding foreign investment. However, one should not exclude the possibility of introducing new legal grounds for further attraction and preferential encouragement of foreign investors and their investment projects. Due to the adoption and ratification of the unified investment legislation, an opportunity opens up for the implementation of investment policy regardless of the investor's affiliation to the state, and the subsequent proper statutory regulation of foreign investments will remain a strategically important vector in improving the economic potential of not only the Republic of Kazakhstan and the CIS but also the entire world economic space.

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